



# EcoCash

## HOLDINGS ZIMBABWE

(Incorporated in Zimbabwe on 29 March 2012 under Company Registration Number 2487/2012) ZSE Alpha Code: CSZL ISIN ZW0009012361

# Reviewed condensed consolidated financial statements

## For the half year ended 31 August 2021

### HIGHLIGHTS

#### Key Performance Indicators

Revenue ZW\$11.0 billion ↑ 36%	EBITDA ZW\$2.5 billion ↑ 61%	Loss before tax ZW\$27.6 million ↓ 72%	Total assets ZW\$37.8 billion ↑ 24%
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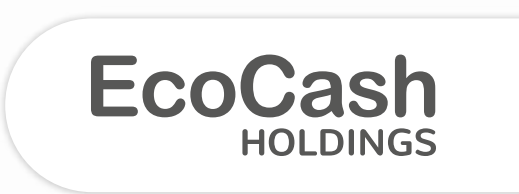


EcoCash

EcoSure

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VAYA LOGISTICS

Maisha Health Fund

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## Introducing EcoCash Holdings, your diversified digital solutions group

We are shifting gears to position ourselves for the opportunities ahead as we continue to enable you to experience a digital life.



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VAYA SERVICES

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Your diversified digital solutions group

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Your needs  
are our driving  
force

As we unveil our new group identity, we  
remain focused on delivering innovative  
digital solutions to simplify your life.  
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# Reviewed condensed consolidated financial statements

## For the half year ended 31 August 2021

### Chairperson's statement

#### INTRODUCTION

The performance of the business continues to be underpinned by our digital transformation journey, leading to the development of innovative products that provide unparalleled convenience to our customers. Financial inclusion remains a key strategic focus in all our product development in line with our vision of a digitally connected future that leaves no Zimbabwean behind. We have made strides in digital transformation in the period under review, with upgrades of key systems, which has positioned the Group for growth into the future.

The half-year under review was characterized by continued imposition of lockdown measures due to the resurgence of the Covid 19 pandemic, which resulted in restrictions on the movement of persons and subdued business activity. The period also witnessed a decline in the month-on-month inflation and relative economic stability, which presented the business with an opportunity to recover.

#### BUSINESS OVERVIEW

As we celebrate the 10th anniversary of the mobile money business, we reflect on the key role that the business has played in driving the financial inclusion agenda in Zimbabwe. EcoCash continued a steady growth trajectory with transaction values and wallet funding on the upward trend compared to the same period last year at 25% and 54%, respectively.

The Steward Bank lending strategy yielded positive results as the 127% growth in the loan book from February 2021 spurred the bank's 293% growth in interest income, compared to the same period last year. The completion of the Core Banking System upgrade, in line with the acceleration of our digitization focus, has resulted in improved customer experience and has created capacity for the development of innovative products in the future.

In line with the Group's focus on financial inclusion, the Insurtech businesses implemented various initiatives to reach previously uninsured communities. In line with our revenue diversification strategy, the Insurtech business revenue contribution grew from 14% in the same period last year to 19% on the back of the growing strength of our short-term insurance corporate book. Econet Life was awarded for being the most innovative insurance company at the 2021 Insurance Company awards. Innovation remains a key pillar in achieving our vision.

Vaya Technologies continues to grow its operations on the back of growth in the agricultural sector. The growth in the Healthtech revenue was spurred by our response to the demand for health services during the period due to the Covid-19 pandemic. We will continue to create the capacity to be able to respond to health needs.

#### FINANCIAL PERFORMANCE

The Group's revenues increased by 36% compared to the same period last year, driven largely by an increase in transactional volumes for the Fintech business units. The Fintech business remains the largest contributor to revenue, constituting 80% of total revenue. Management continues to focus on revenue diversification as a strategy for revenue growth.

The loss before tax reduced to ZW\$27.6 million compared to a loss before tax of ZW\$1.8 billion in the prior period on the back of revenue growth, reduced exchange losses, and effective cost reduction initiatives that started during the prior year. Management remains focused on leveraging technology to improve operational efficiencies.

#### CORPORATE SOCIAL RESPONSIBILITY

The Group continued to actively support efforts by the Government to fight the pandemic through the provision of affordable COVID-19 testing services and sanitization services.

The Group, through its partnership with Higher Life Foundation, continued with key interventions that focused on education, rural transformation, global health, and sustainable livelihoods.

Within education, we continued providing learning opportunities to academically gifted, orphaned, and vulnerable children in Zimbabwe through scholarships from Early Childhood Development ("ECD") to tertiary level.

Our initiatives on sustainable livelihoods continue to create opportunities for communities to venture into climate-smart agriculture through a concept termed "Pfumvudza", which is also a Government programme aimed at ensuring that climate shocks are mitigated in agricultural output.

#### OUTLOOK

The Group is anchored on a sound capital and liquidity position, allowing it to continue to support its customers. It will continue with its digital transformation journey and is optimistic about the future ahead. As a diversified digital solutions group, we are investing in artificial intelligence, machine learning, and cloud-based services to proactively develop products that will meet our customer needs and improve the customer experience.

#### APPRECIATION

I would like to extend my appreciation to our shareholders, customers, regulators, Government, and business partners for their continued support. Our employees have continued to be innovative in the face of change and I would like to express my gratitude on behalf of the Board for their dedication to meeting the needs of our customers and strengthening our market position.

#### On behalf of the Board

Sherree Shereni  
Board Chairperson

16 December 2021

### Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 August 2021

	Notes	INFLATION ADJUSTED		HISTORICAL*	
		Reviewed 31 August 2021 ZWS\$'000	Reviewed 31 August 2020 ZWS\$'000	Unreviewed 31 August 2021 ZWS\$'000	Unreviewed 31 August 2020 ZWS\$'000
<b>Revenue</b>	<b>6.1</b>	<b>11,046,502</b>	<b>8,099,007</b>	<b>10,307,851</b>	<b>3,401,006</b>
Cost of sales and external services sold		(3,063,232)	(2,274,110)	(2,821,910)	(994,504)
Impairment on financial assets charge: expected credit loss allowances on loans and advances to bank customers		(292,421)	(48,504)	(311,438)	(19,497)
<b>Gross profit</b>		<b>7,690,849</b>	<b>5,776,393</b>	<b>7,174,503</b>	<b>2,387,005</b>
Other income		635,483	311,729	730,055	668,229
Other expenses		(157,170)	(139,626)	(11,950)	(2,408)
General administrative and other expenses:		(5,893,554)	(8,434,297)	(5,618,787)	(4,081,820)
- Administration and other expenses		(4,928,556)	(3,807,137)	(4,641,798)	(1,687,307)
- Impairment on financial assets charge: expected credit loss allowances on items other than loans and advances		(159,810)	(32,740)	(163,990)	(13,161)
- Depreciation, amortisation and impairment		(777,668)	(923,750)	(583,028)	(129,901)
- Foreign exchange losses arising from trade related and other payables		(27,520)	(3,670,670)	(229,971)	(2,251,451)
Marketing and sales expenses		(551,314)	(537,157)	(504,595)	(217,433)
Foreign exchange losses arising from debenture related liabilities		(71,934)	-	(66,202)	-
Monetary adjustment (IAS 29)		(1,527,934)	1,433,179	-	-
<b>Profit / (loss) before net finance costs</b>		<b>124,426</b>	<b>(1,589,779)</b>	<b>1,703,024</b>	<b>(1,246,427)</b>
Finance income		17,941	1,979	16,883	625
Finance costs		(169,947)	(185,273)	(156,651)	(95,846)
<b>(Loss) / profit before taxation</b>		<b>(27,580)</b>	<b>(1,773,073)</b>	<b>1,563,256</b>	<b>(1,341,648)</b>
Income tax expense		(634,788)	(620,557)	(625,583)	(271,708)
<b>(Loss) / profit for the period</b>		<b>(662,368)</b>	<b>(2,393,630)</b>	<b>937,673</b>	<b>(1,613,356)</b>
<b>(Loss) / profit for the period attributable to :-</b>		<b>(662,368)</b>	<b>(2,393,630)</b>	<b>937,673</b>	<b>(1,613,356)</b>
Equity holders of Cassava Smartech Zimbabwe Limited		(534,890)	(2,403,465)	928,885	(1,663,587)
Non-controlling interest		(127,478)	9,835	8,788	50,231
<b>Items that may not be reclassified to profit or loss</b>		-	-	-	<b>153,225</b>
Gain arising on revaluation of property and equipment and intangible assets		-	-	-	203,540
Taxation effect of other comprehensive income		-	-	-	(50,315)
<b>Total comprehensive (loss) / income for the period</b>		<b>(662,368)</b>	<b>(2,393,630)</b>	<b>937,673</b>	<b>(1,460,131)</b>
<b>Other comprehensive income attributable to:</b>		-	-	-	<b>153,225</b>
Equity holders of Cassava Smartech Zimbabwe Limited		-	-	-	153,225
Non-controlling interest		-	-	-	-
<b>Total comprehensive (loss) / income for the period attributable to:-</b>		<b>(662,368)</b>	<b>(2,393,630)</b>	<b>937,673</b>	<b>(1,460,131)</b>
Equity holders of Cassava Smartech Zimbabwe Limited		(534,890)	(2,403,465)	928,885	(1,510,362)
Non-controlling interest		(127,478)	9,835	8,788	50,231
<b>Total comprehensive (loss) / income for the period</b>		<b>(662,368)</b>	<b>(2,393,630)</b>	<b>937,673</b>	<b>(1,460,131)</b>
<b>(Loss) / earnings per share</b>					
Basic and diluted (loss) / earnings per share (ZWS\$ cents)	6.3	(20.65)	(92.78)	35.86	(64.22)

\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019. The inflation adjusted results represent the primary financial information required by IAS 29.



Fintech



On-Demand  
Services



Insurtech



Healthtech



Edutech



eCommerce



Agritech



Trading as

# EcoCash

## HOLDINGS ZIMBABWE

(Incorporated in Zimbabwe on 29 March 2012 under Company Registration Number 2487/2012)  
ZSE Alpha Code: CSZL ISIN ZW0009012361

# Reviewed condensed consolidated financial statements for the half year ended 31 August 2021

### Condensed Consolidated Statement of Financial Position

As at 31 August 2021

	Notes	INFLATION ADJUSTED		HISTORICAL*	
		Reviewed 31 August 2021 ZW\$'000	Audited 28 February 2021 ZW\$ '000	Unreviewed 31 August 2021 ZW\$'000	Unaudited 28 February 2021 ZW\$'000
<b>Assets</b>					
Intangible assets		1,721,060	1,583,562	787,428	639,883
Property and equipment		5,045,608	5,421,784	3,659,970	3,966,786
Right of use asset		256,637	261,697	31,852	37,162
Investment properties		1,117,492	1,295,222	1,117,492	1,095,410
Other assets		707,130	1,068,590	129,512	372,613
Current tax assets		92,759	77,183	92,759	65,276
Amounts owed by related party companies		164,886	97,714	117,913	82,640
Trade and other receivables		6,145,466	4,597,149	5,283,824	3,174,773
Loans and advances		4,438,862	1,888,848	4,438,862	1,597,458
Treasury bills and Government bonds		7,848,398	1,186,116	7,848,398	1,003,136
Financial assets at fair value through profit and loss	8	1,547,968	1,283,361	1,545,277	1,085,379
Assets held for sale		316	1,739	316	1,471
Mobile money trust bank balances - restricted balances	7	5,562,618	5,006,517	5,562,618	4,234,169
Cash and cash equivalents		3,177,207	6,705,820	3,177,207	5,671,323
<b>Total assets</b>		<b>37,826,407</b>	<b>30,475,302</b>	<b>33,793,428</b>	<b>23,027,479</b>
<b>Equity and Liabilities</b>					
<b>Capital and reserves</b>					
Share capital and share premium		101,497	101,497	2,591	2,591
(Accumulated losses) / retained earnings		(2,635,220)	(3,637,237)	463,805	(465,081)
Other reserves		9,519,147	9,508,466	3,049,669	3,116,902
<b>Equity attributable to owners of Cassava Smartech Zimbabwe Limited</b>		<b>6,985,424</b>	<b>5,972,726</b>	<b>3,516,065</b>	<b>2,654,412</b>
Non-controlling interest		(297,793)	(170,322)	159,250	150,462
<b>Total equity</b>		<b>6,687,631</b>	<b>5,802,404</b>	<b>3,675,315</b>	<b>2,804,874</b>
<b>Liabilities</b>					
Lease Liabilities		35,583	52,635	35,583	44,515
Provisions		517,156	357,728	511,687	299,492
Current tax liability		267,719	-	267,719	-
Deferred tax liabilities		748,602	822,078	269,831	458,672
Amounts owed to related party companies	10	4,775,779	6,167,440	4,775,779	5,215,998
Trade and other payables		4,243,300	3,749,865	3,706,878	2,766,973
Mobile money trust liabilities	7	5,562,618	5,006,517	5,562,618	4,234,169
Deposits due to banks and customers		14,988,019	8,516,635	14,988,019	7,202,786
<b>Total liabilities</b>		<b>31,138,776</b>	<b>24,672,898</b>	<b>30,118,113</b>	<b>20,222,605</b>
<b>Total equity and liabilities</b>		<b>37,826,407</b>	<b>30,475,302</b>	<b>33,793,428</b>	<b>23,027,479</b>

\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019. The inflation adjusted results represent the primary financial information required by IAS 29.

### Condensed Consolidated Statement of Cashflows

For the half year ended 31 August 2021

	INFLATION ADJUSTED		HISTORICAL*	
	Reviewed 31 August 2021 ZW\$'000	Reviewed 31 August 2020 ZW\$'000	Unreviewed 31 August 2021 ZW\$'000	Unreviewed 31 August 2020 ZW\$'000
<b>Cash generated from operations</b>	<b>5,794,273</b>	<b>4,680,326</b>	<b>6,844,083</b>	<b>2,676,789</b>
Income tax paid	(435,166)	(248,553)	(586,078)	(109,772)
<b>Net cash generated from operations</b>	<b>5,359,107</b>	<b>4,431,773</b>	<b>6,258,005</b>	<b>2,567,017</b>
<b>Investing activities</b>				
Dividends received	581	-	543	-
Acquisition of intangible assets	(244,760)	(96,195)	(181,872)	(26,911)
Net acquisition of financial assets at fair value through profit or loss	(190,342)	(97,859)	22,399	(20,657)
Net (acquisition) / disposal of held-to-maturity investments	(7,392,796)	(122,793)	(6,813,041)	96,926
Purchase of property and equipment	(279,671)	(293,651)	(237,757)	(99,812)
Proceeds on disposal of property and equipment	1,751	-	-	-
<b>Net cash used in investing activities</b>	<b>(8,105,237)</b>	<b>(610,498)</b>	<b>(7,209,728)</b>	<b>(50,454)</b>
<b>Cash flows from financing activities</b>				
Net finance costs paid	(159,149)	(183,709)	(146,711)	(95,498)
Purchase of treasury shares	(67,233)	-	(67,233)	-
<b>Net cash flows used in financing activities</b>	<b>(226,382)</b>	<b>(183,709)</b>	<b>(213,944)</b>	<b>(95,498)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,972,512)</b>	<b>3,637,566</b>	<b>(1,165,667)</b>	<b>2,421,065</b>
Cash and cash equivalents at the beginning of the period	11,712,337	3,379,400	9,905,492	2,249,237
<b>Cash and cash equivalents at end of period</b>	<b>8,739,825</b>	<b>7,016,966</b>	<b>8,739,825</b>	<b>4,670,302</b>
Comprising:				
Cash and cash equivalents restricted	5,562,618	2,514,158	5,562,618	1,673,355
Cash and cash equivalents non-restricted	3,177,207	4,502,808	3,177,207	2,996,947
<b>Cash and cash equivalents at end of period</b>	<b>8,739,825</b>	<b>7,016,966</b>	<b>8,739,825</b>	<b>4,670,302</b>

\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019. The inflation adjusted results represent the primary financial information required by IAS 29.

### Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 August 2021

	INFLATION ADJUSTED					
	Share capital and share premium ZW\$'000	Retained earnings / (accumulated losses) ZW\$'000	Other reserves ZW\$'000	Attributable to equity holders of the entity ZW\$'000	Non-controlling interest ZW\$'000	Total ZW\$'000
Balance at 1 March 2020 (audited)	82,724	600,839	5,900,609	6,584,172	(469)	6,583,703
(Loss) / profit for the period	-	(2,403,465)	-	(2,403,465)	9,835	(2,393,630)
Total comprehensive (loss) / income	-	(2,403,465)	-	(2,403,465)	9,835	(2,393,630)
Transfers between reserves	-	316,030	(316,030)	-	-	-
Balance at 31 August 2020 (Reviewed)	82,724	(1,486,596)	5,584,579	4,180,707	9,366	4,190,073
Balance at 1 March 2021 (audited)	101,497	(2,100,330)	9,586,380	7,587,547	(170,315)	7,417,232
Loss for the period	-	(534,890)	-	(534,890)	(127,478)	(662,368)
Total comprehensive loss	-	(534,890)	-	(534,890)	(127,478)	(662,368)
Purchase of treasury shares	-	-	(67,233)	(67,233)	-	(67,233)
Balance at 31 August 2021 (Reviewed)	101,497	(2,635,220)	9,519,147	6,985,424	(297,793)	6,687,631

\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019. The inflation adjusted results represent the primary financial information required by IAS 29.

**DIRECTORS:** Mrs S.G. Shereni (Chairperson), Mr M.L. Bennett, Dr Z. Dillon, Miss E.T. Masiyiwa, Mr C. Maswi, Mr D. Musengi, Mr H. Pemhiwa, Mr D.T. Mandivenga, Mr E. Chibi\*, Mrs T. Nyemba\*. \* Executive.

**REGISTERED OFFICE:** 1906 Borrowdale Road, Borrowdale, Harare.

### Condensed Consolidated Statement of Changes in Equity (continued)

For the half year ended 31 August 2021

	HISTORICAL*					
	Share capital and share premium ZWS\$'000	Retained earnings / (accumulated losses) ZWS\$'000	Other reserves ZWS\$'000	Attributable to equity holders of the entity ZWS\$'000	Non-controlling interest ZWS\$'000	Total ZWS\$'000
Balance at 1 March 2020 (unaudited)	2,591	(251,127)	839,591	591,055	26,432	617,487
(Loss) / profit for the period	-	(1,663,587)	-	(1,663,587)	50,231	(1,613,356)
Other comprehensive income for the period	-	-	153,225	153,225	-	153,225
Total comprehensive (loss) / income for the year	-	(1,663,587)	153,225	(1,510,362)	50,231	(1,460,131)
Balance at 31 August 2020 (Reviewed)	2,591	(1,914,714)	992,816	(919,307)	76,663	(842,644)
Balance at 1 March 2021 (unaudited)	2,591	(465,081)	3,116,902	2,654,412	150,462	2,804,874
Profit for the period	-	928,886	-	928,886	8,788	937,674
Total comprehensive income for the period	-	928,886	-	928,886	8,788	937,674
Purchase of treasury shares	-	-	(67,233)	(67,233)	-	(67,233)
Balance at 31 August 2021 (Reviewed)	2,591	463,805	3,049,669	3,516,065	159,250	3,675,315

\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019. The inflation adjusted results represent the primary financial information required by IAS 29.

### Condensed Consolidated Segment Information

For the half year ended 31 August 2021

	INFLATION ADJUSTED					Total ZW\$'000
	Mobile Money ZW\$'000	Digital Banking ZW\$'000	InsurTech ZW\$'000	Other segments ZW\$'000	Eliminations ZW\$'000	
Half year ended 31 August 2021 (Reviewed)						
Revenue	6,296,729	2,886,796	1,661,723	585,505	(384,251)	11,046,502
Depreciation, amortisation and impairment	(348,172)	(177,039)	(119,622)	(132,835)	-	(777,668)
Segment profit / (loss)	1,277,043	354,924	(1,188,358)	(139,015)	(996,926)	(662,368)
Segment assets	12,767,612	25,266,224	3,402,578	13,432,896	(17,042,903)	37,826,407
Segment liabilities	8,415,192	21,722,720	2,400,951	4,477,067	(5,877,154)	31,138,776
Half year ended 31 August 2020 (Reviewed)						
Revenue	5,334,548	1,446,981	1,147,547	519,900	(349,969)	8,099,007
Depreciation, amortisation and impairment	(199,906)	(598,085)	(50,701)	(75,058)	-	(923,750)
Segment profit / (loss)	681,589	218,391	7,078	(1,711,353)	(1,589,335)	(2,393,630)
Segment assets	10,272,542	10,572,213	2,051,705	10,449,471	(11,679,607)	21,666,324
Segment liabilities	7,527,373	7,141,397	983,219	5,650,889	(3,826,627)	17,476,251
Year ended 21 February 2021 (Audited)						
Segment assets	11,838,883	16,284,942	3,066,975	13,864,773	(14,580,271)	30,475,302
Segment liabilities	8,747,059	13,555,408	1,730,684	4,723,513	(4,083,766)	24,672,898
	HISTORICAL*					
Half year ended 31 August 2021 (Unreviewed)						
Revenue	5,821,615	2,765,408	1,536,761	547,690	(363,623)	10,307,851
Depreciation, amortisation and impairment	(295,007)	(150,670)	(89,332)	(48,019)	-	(583,028)
Segment profit/ (loss)	1,204,230	263,561	202,257	(572,950)	(159,425)	937,673
Segment assets	11,627,551	23,906,188	3,250,152	2,130,000	(7,120,463)	33,793,428
Segment liabilities	8,291,987	21,674,818	1,733,561	4,350,256	(5,932,509)	30,118,113
Half year ended 31 August 2020 (Unreviewed)						
Revenue	2,165,908	600,190	543,545	232,282	(140,919)	3,401,006
Depreciation, amortisation and impairment	(40,237)	(61,797)	(12,682)	(15,185)	-	(129,901)
Segment profit / (loss)	235,610	73,159	396,745	(2,318,082)	(788)	(1,613,356)
Segment assets	5,316,687	5,235,578	1,223,841	1,185,643	(2,811,763)	10,149,986
Segment liabilities	4,651,573	4,662,164	587,500	3,638,291	(2,546,898)	10,992,630
Year ended 21 February 2021 (Unaudited)						
Segment assets	9,452,375	12,688,621	2,390,587	2,283,217	(3,787,321)	23,027,479
Segment liabilities	7,321,041	11,348,555	1,076,252	3,930,524	(3,453,767)	20,222,605

\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019. The inflation adjusted results represent the primary financial information required by IAS 29.

### Notes to the condensed consolidated financial statements

For the half year ended 31 August 2021

#### 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 condensed 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 follows:

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

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 half year condensed consolidated financial statements are presented in Zimbabwe Dollars (“ZW\$”), which is the functional and presentation currency of the primary economic environment in which the Group's entities operate.

The 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 inflation adjusted results represent the primary financial information required by IAS 29.

#### 2. STATEMENT OF COMPLIANCE

The Group prepares condensed consolidated financial statements with the aim to fully comply with International Financial Reporting Standards (“IFRS”), 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 6 months ended 31 August 2021, as a result of:
- the carryover impact of non-compliances in the 28 February 2021 year end consolidated financial statements with International Financial Reporting Standard (“IFRS”) 13 ‘Fair Value Measurements’, and International Accounting Standard (“IAS”) 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’;
  - non-compliances in the current period with IFRS 9 ‘Financial Instruments’; and
  - an error on the valuation of investment property.

Consequently, the Directors advise users of these half year condensed consolidated financial statements to exercise caution.



Trading as

# EcoCash

## HOLDINGS ZIMBABWE

(Incorporated in Zimbabwe on 29 March 2012 under Company Registration Number 2487/2012)  
ZSE Alpha Code: CSZL ISIN ZW0009012361

# Reviewed condensed consolidated financial statements for the half year ended 31 August 2021

### Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 August 2021

#### 2. STATEMENT OF COMPLIANCE (continued)

The principal accounting policies of the Group have been applied consistently in all material respects with those of the most recent annual financial statements, unless otherwise stated and except for the adoption of new standards and amendments that became effective for the 6 months ended 31 August 2021.

These condensed 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 28 February 2021, which are available for inspection at the Company's registered office.

#### 3. ACCOUNTING POLICIES

##### 3.1 Basis of preparation and consolidation

Other than the changes to the ECL model discussed in the next paragraph, as well as the carryover impact of using the ZW\$/USD auction exchange rate in the current valuations of property and equipment and intangible assets, and an error arising on the valuation approach to investment property, the condensed consolidated financial statements have been prepared, to the extent legally possible, in accordance with IFRSs applicable to interim financial reporting and the disclosure requirements of the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules 2019, 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 condensed consolidated financial statements comprise the financial results of the Company and its subsidiaries as at 31 August 2021.

##### Expected credit losses on loans and advances to bank customers

In the current 6-month period under review, the Group's banking subsidiary used a new model that had been re-developed and applied as at 28 February 2021 to calculate the expected credit losses (ECL) on loans and advances. This model differs from the previous model applied during the comparative 6-month period ended 31 August 2020. The effect of the change in the model on the ECL allowance between the 2 six-month periods could not be determined as it is not practical to come up with the forward-looking information and other data that would have been required as at 31 August 2020.

##### 3.2 Application of IAS 29 - Financial Reporting in Hyperinflationary Economies

In the current year, because it is still reporting in the currency of a hyperinflationary environment, the Group has applied the requirements of IAS 29 and is presenting inflation adjusted consolidated financial statements as its primary financial statements.

The PAAB issued Pronouncement 01/2019 in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019. Historical cost financial results have been presented as supplementary information, and the auditors have not expressed an opinion on those historical results.

The conversion factors used to restate the underlying historical numbers for the consolidated financial statements for the 6 months period ended 31 August 2021 are as follows;

	CPI Index	Conversion Factor
31 August 2021	3,191.19	1.0000
28 February 2021	2,698.89	1.1824
31 August 2020	2,123.97	1.5025

Non-monetary assets and liabilities carried at historic cost have been restated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period. Monetary assets and liabilities, and non-monetary assets and liabilities carried at revalued amounts as at the end of the reporting period have not been restated as they are presented at the measuring unit current at the end of the reporting period. Non-monetary assets and liabilities measured at revalued amounts as of a date before the end of the reporting period have been restated based on the change in the general price index from the date when they were last revalued. Items recognised in the statement of profit or loss and other comprehensive income have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. A net monetary adjustment is recognised in the statement of profit or loss and other comprehensive income. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. The prospective change in IAS 29 application start date has been detailed in Note 11.

#### 4. REVIEW CONCLUSION

The condensed consolidated financial statements have been reviewed by Deloitte & Touche in accordance with International Standards on Review Engagements ("ISRE") 24100 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. An adverse review conclusion has been issued thereon, with respect to the following matters:

- Carryover Impact of the Adverse Opinion Issued on the Group's Financial Statements for the Year Ended 28 February 2021 on the Interim Financial Information,
  - Valuation of property and equipment, and intangible assets – impact of the application of the ZW\$/USD auction exchange rate in the determination of ZW\$ fair values and other amounts dependent on those fair values for the current period, as well as impact on the comparability of the amounts for the prior periods presented
  - Inappropriate application of International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' ("IAS 8") – impact of the prospective corrections of prior period errors on the comparability of the amounts for the prior periods presented
- Measurement of Expected Credit Losses not in compliance with International Financial Reporting Standard ("IFRS") 9 'Financial Instruments', and
- Error on the Valuation of Investment Property.

The auditor's review conclusion on the Group's condensed consolidated inflation adjusted financial information is available for inspection at the Company's registered office.

The engagement partner responsible for this review conclusion is Mr. Brian Mabiza (PAAB Practicing Certificate Number 0447)

#### 5. INTERPRETATION OF FINANCIAL STATEMENTS PREPARED UNDER HYPERINFLATIONARY CONDITIONS

In as much as all reasonable care and attention has been taken by the Directors to present information that is meaningful and relevant to the users of the financial statements, it is not always possible to present this information in a way that is not contradictory to International Financial Reporting Standards when reporting is impacted by multiple factors in the environment, including but not limited to the legislative framework and economic variables affecting companies operating in Zimbabwe. This has resulted in certain qualifications to these condensed consolidated financial statements. Economic variables changed at an extremely fast pace during the period under consideration. These circumstances require care and attention by users of financial statements in their interpretation of financial information presented under such conditions.

#### 6 PROFIT/(LOSS) AND CAPITAL COMMITMENT RELATED INFORMATION

	INFLATION ADJUSTED		HISTORICAL*	
	Reviewed	Reviewed	Unreviewed	Unreviewed
	31 August 2021	31 August 2020	31 August 2021	31 August 2020
	ZW\$'000	ZW\$'000	ZW\$'000	ZW\$'000
<b>6.1 Revenue</b>				
Revenue	11,430,753	8,448,976	10,671,474	3,541,925
Inter-segment revenue	(384,251)	(349,969)	(363,623)	(140,919)
<b>Revenue from external customers</b>	<b>11,046,502</b>	<b>8,099,007</b>	<b>10,307,851</b>	<b>3,401,006</b>
<b>6.2 Depreciation and amortisation of property, equipment and intangible assets</b>	<b>(777,668)</b>	<b>(923,750)</b>	<b>(583,028)</b>	<b>(129,901)</b>
<b>6.3 Earnings per share</b>				
Weighted number of ordinary shares for the purposes of calculating basic, diluted and headline earnings per share (000)	2,590,577	2,590,577	2,590,577	2,590,577
Basic and diluted loss per share (ZW\$ cents)	(20.65)	(92.78)	35.86	(64.22)
Headline loss per share (ZW\$ cents)	(20.58)	(90.75)	35.92	(63.50)
<b>Reconciliation of (loss) / profit used to calculate headline (loss) / profit per share:</b>				
(Loss) / profit for the period attributable to ordinary shareholders of the parent	(534,890)	(2,403,465)	928,885	(1,663,587)
Adjustment for capital items, gross of tax:				
(Loss) / profit on disposal of property and equipment	1,800	52,367	1,775	18,600
<b>**Headline (loss) / earnings attributable to ordinary shareholders of the parent</b>	<b>(533,090)</b>	<b>(2,351,098)</b>	<b>930,660</b>	<b>(1,644,987)</b>

#### 6 PROFIT/(LOSS) AND CAPITAL COMMITMENT RELATED INFORMATION (continued)

	INFLATION ADJUSTED		HISTORICAL*	
	Reviewed	Audited	Unreviewed	Unaudited
	31 August 2021	28 February 2021	31 August 2021	28 February 2020
	ZW\$'000	ZW\$ '000	ZW\$'000	ZW\$'000
<b>6.4 Commitments for capital expenditure at the end of the period</b>				
Authorised and contracted for	753,507	3,176,742	637,265	637,265
Authorised and not contracted for	1,138,757	4,800,927	963,082	963,082
<b>Total commitments for capital expenditure</b>	<b>1,892,264</b>	<b>7,977,669</b>	<b>1,600,347</b>	<b>1,600,347</b>

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

*\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019. The inflation adjusted results represent the primary financial information required by IAS 29.*

*\*\*Headline earnings have been determined using the South African Institute of Chartered Accountants' (SAICA's) Circular 1 of 2019 on Headline Earnings.*

#### 7. FINANCIAL INSTRUMENTS-MMT

"Mobile money trust bank balances - restricted balances" and "Mobile money trust liabilities" represent restricted and reserved cash balances held in trust for the EcoCash customers.

#### 8. FINANCIAL INSTRUMENTS

Financial instruments in the condensed consolidated statement of financial position include equity investments that are measured at fair value.

##### Fair value hierarchy

The Group is guided by the following hierarchy as fair value measurement criteria for assets measured using the fair value model. The hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	INFLATION ADJUSTED			
	Total	Level 1	Level 2	Level 3
	ZW\$ '000	ZW\$ '000	ZW\$ '000	ZW\$ '000
<b>At 31 August 2021 (Reviewed)</b>				
Investment in financial assets	<b>1,547,968</b>	1,480,939	-	67,029
	<b>1,547,968</b>	<b>1,480,939</b>	-	<b>67,029</b>

<b>At 28 February 2021 (Audited)</b>				
Investment in financial assets	<b>1,283,361</b>	1,217,297	-	66,064
	<b>1,283,361</b>	<b>1,217,297</b>	-	<b>66,064</b>

	HISTORICAL*			
	Total	Level 1	Level 2	Level 3
	ZW\$ '000	ZW\$ '000	ZW\$ '000	ZW\$ '000
<b>At 31 August 2021 (Unreviewed)</b>				
Investment in financial assets	1,545,230	1,480,892	-	64,338
	<b>1,545,230</b>	<b>1,480,892</b>	-	<b>64,338</b>

<b>At 28 February 2021 (Unaudited)</b>				
Investment in financial assets	1,085,379	1,029,507	-	55,872
	<b>1,085,379</b>	<b>1,029,507</b>	-	<b>55,872</b>

#### 9. GOING CONCERN

The Board regularly considers and records the facts and assumptions on which it relies to conclude that the Group will continue in operational existence into the foreseeable future at each reporting date.

The Group and the Bank have communicated to the Reserve Bank of Zimbabwe the capitalisation plan to enable the Bank to comply with the minimum capital threshold by the 31st of December 2021. The Group has continued to organically grow its capital base under the banking subsidiary in the current half year period owing to improved customer experience post the new system migration.

As at 31 August 2021, and subsequently as at the date of authorisation of the half year condensed 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 the consolidated condensed financial statements on a going concern basis remains appropriate.

#### 10. RELATED PARTY BALANCES

##### Balances

	INFLATION ADJUSTED		HISTORICAL	
	Reviewed	Audited	Reviewed	Unaudited
	31 August 2021	28 February 2021	31 August 2021	28 February 2021
	ZW\$'000	ZW\$ '000	ZW\$'000	ZW\$ '000
<b>Amounts owed to related party companies comprise of the following:</b>				
Long-term payables	2,703,677	3,203,565	2,703,677	2,709,356
Inter-company trade payables	2,072,102	2,963,875	2,072,102	2,506,642
	<b>4,775,779</b>	<b>6,167,440</b>	<b>4,775,779</b>	<b>5,215,998</b>

#### 11. CHANGE IN APPLICATION DATE OF IAS 29 – FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

In February 2019, the Government of Zimbabwe issued Statutory Instrument (S.I.) 33 of 2019, which among other things, prescribed parity between the US dollar and local mediums of exchange as at and up to the effective date of 22 February 2019 for accounting and other purposes. S.I. 33 also prescribed the manner in which certain balances were to be treated as a consequence of the recognition of the RTGS dollar / ZW dollar as currency in Zimbabwe. In our opinion and based on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by S.I. 33 and adopted in preparing the consolidated financial statements for prior years to comply with statutory requirements were contrary to the provisions of IAS 21 – The Effects of Changes in Foreign Exchange Rates.

In half year period ended 31 August 2020 and prior to that, the commencement date for IAS 29 and date of change in functional currency adopted by the Group was 1 March 2019, while as of 28 February 2021 and for the half year ended 31 August 2021 onwards, the commencement date for IAS 29 and date of change in functional currency has now changed to 1 October 2018. This change was applied prospectively from 1 March 2020.

#### 12. EVENTS AFTER REPORTING DATE

##### Effects of COVID-19 on the business

Subsequent to the reporting period end, on 26 November 2021, the World Health Organisation classified the Omicron variant of COVID-19 as a 'variant of concern', and the country also started experiencing a surge in the number of confirmed COVID infections. The Directors are continuously assessing the impact of these new cases on the broader economic environment. At the time of releasing these financial results, the Directors do not believe that there is any immediate impact on the Group that results in the need for an adjustment to any amounts currently recognized, nor any significant adverse impact on the Group in the immediate future. The Directors continue to monitor and implement measures to mitigate the impact of COVID-19 on the business and all its stakeholders.

##### Depreciation of the Zimbabwe dollar

Subsequent to the period end, the Zimbabwe dollar (ZW\$) significantly depreciated against the United States dollar (USD). The reviewed condensed consolidated financial statements were authorised for issue on 16 December 2021 when the exchange rate was USD 1 to ZW\$ 108.67. The depreciation of the exchange rate from USD 1 to ZW\$ 85.91 at the reporting date, 31 August 2021, increases the impact of exchange losses recognised in the statement or profit and loss and other comprehensive income.

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CASSAVA SMARTECH ZIMBABWE LIMITED

### REPORT ON THE REVIEW OF THE INFLATION-ADJUSTED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### Introduction

We have reviewed the accompanying inflation-adjusted condensed consolidated financial statements of Cassava Smartech Zimbabwe Limited and its subsidiaries (the "Group"), which comprise the inflation-adjusted condensed consolidated statement of financial position as at 31 August 2021, the inflation-adjusted condensed consolidated statement of profit or loss and other comprehensive income, the inflation-adjusted condensed consolidated statement of changes in equity and the inflation-adjusted condensed consolidated statement cash flows for the 6 month period then ended, and the notes to the inflation-adjusted condensed consolidated financial statements (together, "the interim financial information").

The Directors are responsible for the preparation and fair presentation of the interim financial information in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and in the manner required by the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules 2019.

Our responsibility is to express a conclusion on the interim financial information based on our review.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Basis for Adverse Conclusion

1. Carryover Impact of the Adverse Opinion Issued on the Group's Financial Statements for the Year Ended 28 February 2021 on the Interim Financial Information

An adverse opinion was issued on the Group's financial statements for the year ended 28 February 2021 because of the following matters:

- i. Valuation of investment properties, property and equipment, and intangible assets; and
- ii. Inappropriate application of International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" ("IAS 8") on current year and comparative information: Prospective Corrections of Prior Period Errors due to:
  - a. Prospective application of the change in the start date for the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29")
  - b. Prospective restatement in the current year of a prior period error on the closing balance of expected credit losses in respect of loans and advances
  - c. Prospective restatement in the current year of a prior period error on the amortisation charge on right of use assets



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

REPORT ON THE REVIEW OF THE INFLATION-ADJUSTED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Basis for Adverse Conclusion (continued)

1. Carryover Impact of the Adverse Opinion Issued on the Group's Financial Statements for the Year Ended 28 February 2021 on the Interim Financial Information (continued)

Members may refer to the audit report for the year ended 28 February 2021, which is publicly available on the Group and Zimbabwe Stock Exchange websites, for the full details on these matters.

We believe that matter (i) continues to have a material carryover impact on:

- the valuation of investment properties, property and equipment and intangible assets as at 31 August 2021;
- the accuracy of the related depreciation and amortisation expenses for the 6 month period ended 31 August 2021;
- the components of deferred tax balances as at 31 August 2021 and deferred tax movements for the 6 month period ended 31 August 2021 attributable to property and equipment, and intangible assets;
- the accuracy of the net monetary adjustment attributable to the foregoing three items; and
- the valuation of retained earnings as at 31 August 2021 as a result of the impact of the foregoing four items on the loss for the period.

We also believe that matters (i) and (ii) have an impact on the comparability of the related corresponding figures for the comparative periods presented. We have been unable to quantify the extent of the misstatements.

2. Measurement of Expected Credit Losses not in compliance with International Financial Reporting Standard ("IFRS") 9 'Financial Instruments'

The expected credit losses ("ECL") movement and provision for the Group's banking subsidiary for the period ended 31 August 2021 were determined from inputs and models that were not in compliance with the requirements of IFRS 9 in the following respects:

- Probability of default ("PD") models did not increase monotonically;
- Loss given default ("LGD") models did not use point-in-time ratings;
- COVID-19 impacts were not adequately demonstrated in the overall modelling; and
- The bases of the derivation of internal credit ratings from baseline external ratings were not adequately justified.

The resulting measurement of the ECL expense and provision recognised were therefore considered to be materially misstated, despite the impact not being quantifiable.

3. Valuation of Investment Property

The Group applies the fair value model in the measurement of its investment properties, with the last independent fair valuation having been performed as at 28 February 2021. Under the requirements of IAS 29, the value of the Group's investment properties as at 31 August 2021 was required to be determined through a restatement of the 28 February 2021 fair values by a restatement factor of 1.1824, representing the change in the consumer price index between 28 February 2021 and 31 August 2021. The Group, however, did not comply with this requirement, and as a result, in this specific regard, investment properties are understated by ZW\$177,720,784, while other income is understated by ZW\$145,050,689 and the net monetary adjustment (i.e. a net monetary loss) is overstated by ZW\$32,670,148. There is also a corresponding understatement in respect of the related deferred tax expenses and liabilities amounting to ZW\$35,544,157. These misstatements are in addition to the pre-existing carryover misstatements arising from the matters discussed under qualification point 1.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF CASSAVA SMARTECH ZIMBABWE LIMITED**

**REPORT ON THE REVIEW OF THE INFLATION-ADJUSTED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**Adverse Conclusion**

Due to the significance of the matters described in the Basis for Adverse Conclusion section, we conclude that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" and in the manner required by the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules 2019.

**Other Information**

The Directors are responsible for the other information. The other information comprises the Chairperson's Statement and the historical financial information. The other information does not include the inflation-adjusted condensed consolidated financial information and our review conclusion thereon.

Our review conclusion on the inflation-adjusted condensed consolidated financial statements does not cover the other information and we do not express a review conclusion or any form of assurance conclusion thereon.

In connection with our review of the inflation-adjusted condensed consolidated financial 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 condensed consolidated financial statements or our knowledge obtained during the review, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have concluded that the other information is materially misstated for the same reasons set out in the Basis for Adverse conclusion section above.



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**DELOITTE & TOUCHE**  
**Chartered Accountants (Zimbabwe)**  
**Per Brian Mabiza**  
**Partner**  
**PAAB Practice Certificate 0447**  
**Harare, Zimbabwe**

Date: 20 December 2021