

EcoCash

HOLDINGS ZIMBABWE LIMITED

(formerly Cassava Smartech Zimbabwe Limited)

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

ZSE Alpha Code: EHZL.zw ISIN ZW0009012437

TRADING UPDATE

For the first quarter ended 31 May 2022

INTRODUCTION

The operating environment in the country continues to be challenging across almost all sectors of the economy with inflation and exchange rate depreciation as twin challenges impacting the business. In the circumstances, the company will accelerate its digital transformation strategy, focus on superior customer experience and cost containment.

FINANCIAL PERFORMANCE

The Group witnessed a modest increase of 2% in volumes compared to the previous quarter driven by the FinTech business segment which remains the highest contributor to revenues. Management continues to adapt business units' operating models to both grow and diversify sources of revenue.

During the period under review, significant exchange losses were recorded due to the weakening exchange rate with the local currency depreciating by 172%.

BUSINESS OPERATIONS REVIEW

Mobile Money Business

During the quarter, EcoCash (Private) Limited launched its Domestic Money Transfer, a convenient option of sending and receiving US dollars across the country. The impact of this is expected in subsequent period as market adopts the product. Growth of 38% was witnessed on wallet funding as customers continue to prefer mobile transactions over other payment platforms. The mobile money business also saw a 3% growth in transaction volumes when compared to the prior quarter due to an increase in customer activity. The mobile money business is expected to continuously improve its performance going forward driven by new innovations, product bundling within the Group and promotions to drive mobile payments.

Banking services

Steward Bank continues to leverage on its investment in technology, to deliver tailor made service and solutions to offer convenience and satisfaction to its wide range of customers. The Bank's interest-earning assets portfolio grew by 3% from the last quarter on the back of an increase in underlying business and customer deposits. In the first quarter, the Bank launched the Foreign Currency Account (FCA) on Square, an innovation that digitizes all FCA related transactions on Mobile App, allowing customers to transact through their phones. The Bank also revamped its *236# platform by adding new features to enhance customer experience and ensure a seamless customer journey. The banking unit will continue to strengthen its revenue generating capacity, leveraging on its system upgrade to drive the Group's digital banking model. Capital preservation will remain a priority, amid the rising inflation.

Insurtech

In the first quarter, the Life business broadened its service offering on the *900# platform in response to customer feedback and as part of our promise to enhance the bouquet of packages that Ecosure offers. The number of add-ons options to the core product on the *900# platform increased to ten. The add-ons are being managed within the approved risk appetite limits. The Life business has started offering USD denominated products in the period under review and there is a steady growth of 3% on the uptake. The Group remains focused and committed to growing this segment through providing inclusive insurance solutions both within the life and non-life business.

Other business segments

Vaya Technologies' growth continues to be anchored on the HealthTech business as demand for health services continues to be high. The HealthTech products are also being bundled with other group products as part of the Group growth strategy. Over 100,000 customers have been onboarded onto the MARS-EcoCash capitation model.

OUTLOOK

The Group's performance will remain constrained by the deteriorating operating environment. We will continue to leverage on our digital platforms to innovate and meet the changing needs of our customers. We believe that we have the right products, strategies, and team to ensure that the business can weather the current challenges and emerge stronger as the economy recovers in future.

By order of the Board



Mrs C R Daniels
Group Company Secretary

29 July 2022

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DIRECTORS:

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