



SPECIAL TRADING UPDATE – EFFECTS OF COVID-19

The World Health Organisation declared COVID-19 as a global pandemic on 11 March 2020. Subsequently, the Government of Zimbabwe gazetted a 21-day national lockdown from 30 March 2020 to 19 April 2020. This lockdown was extended by 14 days to 3 May 2020 and has since been further extended by 14 days to 17 May 2020.

The already complex and difficult operating environment has been complicated by the uncertainties related to this global pandemic.

At this stage, it is unclear what the eventual impact of COVID-19 will be on the Group, the local economy or the global economy as the extent and the timing of this pandemic is undefined.

As the situation unfolds, the Group continues to adjust its approach to ensure the following:

- The health and safety of staff and business partners,
- The containment of costs to ensure that the business can continue for the long-term
- Continuity of business given the essential nature of the services that the Group provides and the emergent risks
- Liquidity, solvency and funding management to ensure resilience of the Group.

Impact of COVID-19 on the Group

All the Group's business units qualify as essential services and have continued to operate at varying capacities. Avis' operations however, like most businesses in the tourism sector, have been severely disrupted by the ban on global travel.

Tobacco related services, TSF and Propak have been affected by the almost six-week delay in the start of the tobacco selling season which commenced on 29 April 2020. The Group has implemented stringent controls to minimize the health and safety risk to industry participants as guided by the Regulator. The 2020 season will be affected by the new regulations gazetted around decentralization of tobacco purchasing and the pricing of the commodity given global supply chain disruptions.

Agricura, the agro inputs business, been operating at a reduced capacity. Manufacture and distribution of sanitizers

and disinfectants has commenced, providing the market with affordable, high quality products in the fight against COVID-19.

The farming operations have continued to operate, although supply chains for support services have been slowed down and tobacco sales have been delayed by the late start to the tobacco selling season.

The logistics operations, Bak logistics, have continued to operate, providing essential services in the movement of cargo related primarily to farming activities, provision of food aid and movement of essential food and medical supplies. General movement of cargo across borders has slowed down markedly.

The real estate business has received dispensation for the construction of new warehouses which are currently underway.

Outlook

The Group is due to publish its financial results for the half year ended 30 April 2020 on or before 30 June 2020. This report will include an assessment of the impact of COVID-19 on volumes and business operations at that date. The assessment of the impact of the pandemic is ongoing.

The disruptive effects of the COVID-19 pandemic are expected to continue beyond the 2020 calendar year and will affect the Group's customers, markets and suppliers to varying degrees. Work is therefore, being undertaken to protect the business, preserve shareholder value and take advantage of the opportunities that are emerging. As a corporate citizen, the Group continues to support efforts to fight the COVID-19 pandemic and ensure that economic activity continues.

By Order of the Board

James Muchando
Company Secretary

14 May 2020