

## Special COVID-19 Trading Update

Cassava Smartech Zimbabwe Limited (“the Company”) presents this special trading update following the recent lockdown necessitated by the need to contain the COVID-19 pandemic.

### Trading Environment

Zimbabwe’s fragile and mostly informal economy has been severely impacted by the COVID-19 pandemic as economic activity has been at a standstill for more than a month since lockdown. The Confederation of Zimbabwe Industries (“CZI”) indicated that the average capacity utilization before lockdown was 61.2% and is expected to have dropped to only 28.9% during lockdown. In the first 21 days of the lockdown, CZI reported an 88% industry shut down with the remaining 12% operating for reduced hours. To date, the informal sector remains closed despite the relaxations on the rest of the sectors after the expiry of the second 14-day lockdown period.

CZI carried out surveys to capture the multi-dimensional impact of COVID-19 and the lockdown on business and on the economy. Some of the effects of the lockdown which businesses in Zimbabwe are facing include; contraction of economic activity, decrease in capacity utilisation, cashflow/working capital challenges and a general increase in the cost of doing business. The Company agrees with the conclusions of CZI that the lockdown will have a significant negative impact on the economy, exacerbating an already difficult operating environment.

### Impact of COVID-19 Pandemic and lockdown

We continue to leverage on the use of digital technology and our online business models to offer services and remote access to products and services during the lockdown period. Being digital, our business, can and does operate independently of people’s physical location and/or movement and this resulted in continued availability of all our services during the lockdown albeit at a reduced level.

However, the lockdown severely affected our business partners across all industry sectors with the majority of industry having shut down during the initial lockdown period. The remaining businesses which were classified as essential services operated for reduced hours in compliance with the lockdown regulations. This had an impact on our business which is largely reliant on our partners. To the extent that the partners were closed, our volumes and values were affected accordingly resulting in volumes decreasing by an average of 40% across the Group during the lockdown period, subsequently recovering as the lockdown rules eased.

In response to the pressures which the COVID-19 pandemic has placed on the business, various cost cutting initiatives have been introduced in order to reduce the effect on profitability margins. We will continue to monitor our supply chain in light of the impact of the pandemic and formulate contingency sourcing plans accordingly.

### Business Continuity Plan

As a business, we have continued to persevere despite the challenges, identifying and exploiting opportunities in the environment. Potential areas identified for growth include e-Commerce, e-Learning, On-Demand Services, Insurtech, Healthtech and Agritech as well as Fintech services. What is apparent across all business units is that the COVID-19 pandemic has ushered in a new normal and business agility is required to remain relevant and adapt to the changes as the opportunities present themselves. We are actively tracking changes in consumer behaviour during this time and proactively adjusting our plans and resources.

To ensure continued operations, we introduced telecommuting for all staff with 97% of our staff working from home during the lockdown. Efficiencies during this time were affected but we have since optimised most of the processes and expect to leverage on some of these processes even after the COVID-19 lockdown passes.

### Business Solvency Position

The Board of Directors has assessed the business and confirm that the Company is in a sound position to continue operating for the foreseeable future. . Scenario planning process to understand the potential impact on financial performance is in place and being refined on an on- going basis.

### Outlook

The COVID-19 pandemic has thrust on us new and unusual challenges which require us to refine the way we work. We will continue to align our business model to this changing trend.

By Order of the Board



**C.R. Daniels**  
Company Secretary

15 May 2020