



ARISTON

HOLDINGS LIMITED

(A public company incorporated in the Republic of Zimbabwe under company registration number 254B 104/1947)

AHL 1888

NOTICE TO SHAREHOLDERS

A. UPDATE ON THE EFFECTS OF COVID-19 PANDEMIC ON THE BUSINESS

The Ariston Group's operations continued during the Covid-19 lockdown as they were classified as essential services. Generally, there has been substantially greater availability of electricity at all our operations throughout the lockdown period.

Effects of Covid-19 lockdown on Production

1. Production and harvesting of tea and macadamia is progressing well, albeit with minor changes to the production plan.
2. There is a decline in our head count especially at the tea section, as the Group discontinued hiring and ferrying of labour from nearby villages, in an effort to ensure safety of our work force and also in response to implementation of social distancing rules. Thus, harvesting of tea has slowed down, as available labour is first applied to macadamia harvesting as it's a higher value crop and more susceptible to theft. This will result in a 20% reduction in overall tea production for the Group as slowing down the harvesting process results in compromised green leaf quality which cannot be converted into export quality made tea.
3. Harvesting of pome fruit and other horticultural products is unaffected, with adequate labour for the operations existing on the Estates.
4. Social distancing rules continue to be enforced across all Estates.
5. Difficulties are being experienced in procuring products from suppliers during the period.

Effects of Covid-19 on Sales

1. Tea export sales are subdued as the movement of tea samples is affected by the suspension of services by airlines as demand for travel plummeted. Therefore, movement of tea samples to the export markets remains a significant constraint.
2. Macadamia export sales remained firm as export orders are on hand for the entire current season crop. Prices being achieved are an improvement on prior year.
3. The reduction in global tea demand has resulted in a 10% reduction in selling prices.
4. Initial hiccups on transportation of tea and macadamia exports to the ports were resolved.
5. Suspension of airline services have affected pome fruit exports and the problem continues to persist. Thus, the majority of the current year pome fruit of approximately 1,580 tonnes will have to be consumed locally, with small tonnages being sold to neighbouring countries.
6. Approximately 30% of local pome fruit sales are sold through the vendor market. During this lockdown vendors are unable to operate, resulting in a build-up of stock. To date, this stock remains in good condition and we await the full opening of the economy.

Effect of Covid-19 on Other issues:

1. Banking channel delays are being experienced, with inordinately long periods between the date of remittance of export proceeds by our customers and the date of receipt of such funds in our local Bank accounts.
2. Further, the local Banks are taking long to process payments to our suppliers.
3. Local customers unilaterally extended credit terms beyond agreed upon terms, thereby constraining the business. Export receipts are providing some measure of relief.
4. Supply chain disruptions are being encountered as South Africa remains largely on lockdown.

Effects of Covid-19 on our employees

1. None of our employees or their immediate families have tested positive for Covid-19.

B. STATEMENT ON THE BUSINESS CONTINUITY PLAN ADOPTED IN LIGHT OF THE COVID-19 PANDEMIC AND THE LOCKDOWN ORDER

Ariston implemented a number of actions aimed at ensuring the Group's business continuity in light of the Covid-19 pandemic. As the Group did not go into lockdown but continued with all its operations, measures were primarily aimed at identification, management and mitigation of risk to employees, the communities we operate in, the company's service providers and the business. Actions included:

1. Covid-19 Committees were established at each Estate and templates of enhanced order of business were drafted and implemented across the Group.
2. These included suspension of obtaining casual labour from neighbouring villages, implementing social distancing, implementing strict personal hygiene with increased requirement for hand washing, use of hand sanitizers and face masks and checking of temperatures at each main entrance. WHO guidelines were used.
3. Employees at Head Office worked remotely, from their homes.
4. Each Estate has a clinic and all clinics were restocked just in case the pandemic spread to our communities.
5. Cash preservation strategies were implemented to ensure adequate liquidity during the lockdown and post the lockdown period.

C. STATEMENT ON THE SOLVENCY POSITION OF THE ARISTON GROUP IN LIGHT OF THE EFFECTS OF COVID-19 AND THE LOCKDOWN ORDER ON ITS BUSINESS.

The Directors of Ariston have reviewed the financial impact of the effects of Covid-19 and the lockdown order on the business and have concluded that the Group continues to be a going concern. The business has adequate liquidity. It has the ability to meet its short and long-term financial commitments and has a positive net asset position.

The Group is in the process of finalising its results for the Half year ended 31 March 2020. These will be published in due course.

By order of the Board

R.A. Chinamo
Company Secretary

REGISTERED OFFICE

306 Hillside Road
Msasa Woodlands
P.O. Box 4019
Harare

15 May 2020

DIRECTORS: Mr. A.C. Jongwe (Chairman), Mr. P.T. Spear* (Chief Executive Officer), Mr. I. Chagonda, Mr. C.P. Conradie, Dr. A.J. Masuka, Mrs. T.C. Mazingi, Mr. J. Riekert