

MARKET RELEASE

21 April 2020

Update on COVID-19 and trading - April 2020

Cavalier Corporation Limited (NZX: CAV) advises that it will be progressively opening its manufacturing operations in Auckland, Napier and Wanganui following the lifting of the Level 4 restrictions on 27 April.

March and April trading has been impacted as expected, particularly in New Zealand, by the COVID-19 regime and cost control measures and other actions have been taken to preserve the business during this time.

Since the Government mandated lockdown in New Zealand on 26 March, retail sales in New Zealand have ceased. Website orders are still able to be taken with deliveries to restart once the lockdown lifts.

Trading activity has continued in Australia and sales volumes for the first three months of the year were above the prior year, though these have declined in April with the fall off in consumer demand.

The company has applied for \$2.8 million of the Government wage subsidy in New Zealand. Government support is also being considered in Australia. The Board has also agreed to take 20% of their directors' fees in shares in the company to assist with cash flows and to better align their interests with those of shareholders.

Cavalier has been engaged in constructive discussions with its banking partner and has received indicative support to increase its current bank facilities.

The company is investigating a range of opportunities to realise additional funds to support the business in light of the impact of COVID-19 as well as facilitate the transformation strategy as outlined at the November Shareholders Meeting.

Cavalier remains committed to the rollout of its natural fibre strategy, leveraging the growing demand for greener, healthier, natural and more sustainable products. Cavalier believes this strategy will not only benefit the company, but will help New Zealand's wool growers, and the broader New Zealand primary sector.

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