



31 March 2020

Dear Shareholder

The directors have delayed providing a shareholder update on the company's trading position in relation to Covid19 until some clarity emerged in respect of the new economic landscape presented to us by the virus. We believe we now have that clarity and it is now appropriate to comment.

Although, the pandemic is primarily a human tragedy it is also an economic catastrophe and it is this latter aspect this update has to focus upon.

At the AGM on 5 March we were anticipating a further strong improvement in operational profitability from last year's £102,780. On 12 March we completed the purchase of a 25 year lease on a new outlet in the west end of Glasgow on attractive terms. We were also in discussions to acquire another established freehold unit but when it became apparent that we were experiencing a global pandemic we withdrew from this opportunity.

We envisaged re-opening The Clockwork for the Scotland v Israel football match on 26 March following an extensive refurbishment but, of course, that was not possible following the enforced closure of most of the UK Retail sector by the UK and Scottish governments. Whilst it is unclear how long these emergency closure measures will last, we are budgeting for six months and a consequential operating loss for the current financial year.

We have managed to mitigate a significant element of the financial damage associated with the closures through utilising most of the measures initiated by government. These include benefiting from a full year's rates relief on all our properties as well as the receipt of business disruption grants on three outlets owned by the company if our applications are successful.

All of our staff have been furloughed on 100% of their wages. Effectively, this means government will cover 80% of our payroll cost for at least the next three months.

We are fortunate to have a supportive bank which has granted our request for a six month capital repayment holiday in respect of our existing term loan arrangements. There are also a number of other actions and initiatives available to the company which we are currently reviewing.

In summary, the company has a strong balance sheet and a supportive bank which when coupled with the various assistance packages provided by government suggest we should be able to trade through this global crisis based on the public information and expectations of duration available to us all.

Finally, in all of this we hope that you and your families, friends and colleagues are managing to stay safe and healthy in these most challenging of times.

David Low  
Chairman

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