



3 August 2021

Shareholder Update

Dear Shareholder,

At the AGM in March the directors provided a comprehensive update on current trading and future prospects of the Group within the context of the continuing Covid19 related operating restrictions imposed on the hospitality sector by the Scottish Government.

Given the AGM was a 'closed meeting' as necessitated by the Government restrictions we made the minutes of the meeting available on the Company's website. However, it has become apparent that some shareholders are unaware of this. As a result of this we would like to remind all shareholders that the minutes can be viewed on the Company's website at [www.ThreeThistles.co.uk](http://www.ThreeThistles.co.uk) together with a full suite of other information relating to the financial affairs of the Group dating back to 2007.

It is important that all shareholders are kept as up to date with events affecting the Company as protocols permit. A majority of shareholders still receive their report and accounts and other communications from the Company in paper form which brings with it expensive printing and postage costs. Those costs are reduced when shareholders elect to receive electronic communications instead. Electronic delivery also improves the company's ESG Rating which is an increasingly important regulatory consideration for stakeholders and suppliers considering working with the Company.

**Those shareholders who are currently receiving communications in paper form and would now prefer to receive electronic communications should view the attached explanatory document all follow the procedure outlined.**

As over four months have passed since the AGM we are also using this opportunity to re-emphasise that trading conditions remain challenging. Although all our units have had a Scottish Government Level 0 categorisation, we continue to be adversely affected by capacity constraints and hesitant consumer confidence. Operating income is currently at circa 75% of comparable pre-Covid19 levels with an attendant reduction in profitability. In short, we remain far removed from what can be characterised as 'normal trading conditions.' Although our trading hours can be classified as 'normal', there remain restrictions on the number of individuals and family members who are able to socialise together on site. We are also experiencing early stage wage inflation associated with a reduction in the pool of hospitality workers due to foreign workers returning 'home' and the 'pingdemic' which we all hope is a temporary phenomenon

as double vaccinations roll out to the younger member of society.

The AGM minutes referenced the ageing profile of our estate, the consequential effect on trading performance and capital values and the increasing requirement for capital investment to maintain shareholder value. Our estate manager has advised that a figure of up to £2 million is required to bring the estate into line with the demands of today's discerning consumer who values space, distance and the alfresco experience. It is notable that our best performing units since the easing of trading restrictions are Clockwork and Bauhaus in Glasgow, both of which are beneficiaries of transformational capital expenditure which has allowed both units to exploit the new trading opportunities presented by the new environment.

We are also working with our estate manager in addressing the 'wear and tear' issues across the estate and we shall report our conclusions to shareholders as early as we are able to.

The directors' primary responsibility is to take the necessary steps to ensure the ongoing solvency of the Company in what is expected to remain a very difficult marketplace and in deliverance of that objective we shall continue to review all options available to the Company including a new share issue should it be necessary. Notwithstanding the issues I have referred to it should also be appreciated that we do have good assets and a dedicated staff whose contribution to the Company should not be underestimated and we remain dedicated to protecting shareholder value from the worst ravages of the coronavirus and where we find ourselves.

We are fully aware there are shareholders who would like the option of acquiring or disposing of their shares and after discussion with Asset Match we have agreed that monthly auctions will be restored with immediate effect until the end of the calendar year at which point the situation will be reviewed. Shareholders are encouraged to visit Asset Match's website at [www.AssetMatch.com](http://www.AssetMatch.com) to find out more about this service and to make use of the service should they wish to sell their shares. More information and explanation of the service is available on the Company's website at [www.ThreeThistles.co.uk/asset-match](http://www.ThreeThistles.co.uk/asset-match).

Yours faithfully,

**David Low**  
*Chairman*