

ISETAN (SINGAPORE) LIMITED
(Company Registration No. 197001177H)
(Incorporated in the Republic of Singapore)

UPDATE ON THE IMPACT OF COVID-19 AND PROFIT GUIDANCE

The Board of Directors (the “**Board**”) of Isetan (Singapore) Limited (the “**Company**”) wishes to provide an update on the impact of the COVID-19 pandemic on the Company.

Impact on Company’s Operations

To control the spread of COVID-19, the Government has put in place regulations commonly known as the “circuit breaker measures” from 7 April 2020 whereby, *inter alia*, the premises of all non-essential services will be closed to entry by any individual until at least 1 June 2020.

The post-Chinese New Year decrease in consumer spending, coupled with the increase of COVID-19 infections after the emergence of the first case on 23 January 2020, led to a decrease in the Company’s sales revenue for the first quarter of 2020 as compared to last year. The subsequent circuit breaker measures contributed to a significant decline in the Company’s sales revenue in April 2020. A similar situation is expected in May 2020 as the Company’s four stores (except the supermarket at Isetan Scotts (the “**Supermarket**”)) will remain closed until 1 June 2020, or to the end of any further extension(s) of the circuit breaker measures imposed by the Government. Despite the Government’s support measures, it is anticipated that some time is necessary before things go back to normal after the circuit breaker measures are lifted. As such, with the anticipation that some level of safe distancing measures will remain in place after the end of the circuit breaker period, the Company expects its sales revenue to be negatively impacted over the coming months, the duration and extent of which is difficult to predict at this point in time. This is further exacerbated by the work stoppage and consequent delay caused by the circuit breaker measures in the completion of Phase 2 of the renovation in Isetan Scotts which is expected to disrupt the store’s operations until the second half of 2020.

The Company’s investment property at Wisma Atria (“**Isetan Wisma Atria**”) is also temporarily closed in line with the circuit breaker measures with only tenants providing essential services being open for business until the end of the circuit breaker period. To support the tenants at Isetan Wisma Atria, rental waivers have been granted by the Company to them, and this has in turn impacted the property’s rental revenue. Rental revenue of Isetan Wisma Atria may therefore be negatively impacted in the coming months by the evolving COVID-19 situation.

To mitigate the effects of the decline in the Company’s Revenue, the Company has been putting in extra effort to boost the sales contributions from the Supermarket and the Company’s online store. On the aspect of expenses, in addition to the property tax and rental rebates from Landlords during the circuit breaker period, and wage subsidies from the Government that the Company has received or will be receiving, the Company has looked into further ways to reduce operating expenses. They include working closely with landlords on rentals after the circuit breaker period, reducing our variable expenses as far as possible and shifting marketing communications to social media platforms. In line with the Government’s call to companies to retain its workers, the Company has continued to pay all its staff salaries in full, with those working in and supporting the Supermarket receiving additional incentives. No retrenchments have been carried out.

The Company recognizes the need to have a concerted effort in order to improve the COVID-19 situation in the country. As such, it follows strictly the Government’s COVID-19 measures to safeguard its staff and customers, and has so far not been found to be in breach of any restrictions or

received any penalties by the relevant authorities. This will reinforce our customers' and employees' trust that we are keeping our stores and workplaces safe.

Impact on Company's Financials

Due to the severe impact of the COVID-19 pandemic on the Company's revenue, the limited extent to which expenses can be reduced to match the revenue trend, and the cyclical nature of its retail business, the Board expects the Company to register a loss for the 1st half of 2020.

As of 31 March 2020, with the Company's cash and cash equivalents at about S\$25.3 million and the backing of "Other Investments, at amortized cost" of about S\$22.0 million under current assets, the Company does not foresee any difficulties meeting its near-term obligations at present. However, there is no clarity as to how long the COVID-19 pandemic would last and its impact. Therefore, the Company would be monitoring its cash and cash equivalent position closely during this COVID-19 situation, and continue to update shareholders on any material developments.

Shareholders and potential investors are reminded to exercise caution when dealing or trading in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers, if they are in doubt about the actions that they should take.

By Order of the Board

Lun Chee Leong
Company Secretary

16 May 2020