

RESPONSE TO SGX QUERIES

The Board of Directors of Casa Holdings Limited (the “Company”) has received the queries on the announcement of its full year results for year ended 30 September 2020 and wishes to provide its response as follows:-

SGX’s queries:

We refer to Casa Holdings Limited’s (the “Company”) 26 November 2020 announcement on its Full Year Results.

1. On page 10 of the Company’s FY2020 full year results for financial year ended 30 September 2020, the Company disclosed that “Revenue decreased by 20.9% to \$14.7 million in FY2020 (FY2019: \$18.6 million) due to impact of COVID-19 on retail sales, especially in months when circuit breaker measures to fight coronavirus pandemic kicked in.”

Please elaborate, as per our Regulator’s Column on 22 Apr 2020 on the following:

- a. If there are any shutdown of operations, outlets, plants and offices, and curtailed business activities;

Reply by Company:

The decrease in revenue was mainly due to our customers who may also have retail outlets being required to be closed during the COVID-19 lockdown and a decrease in project sales due to the Covid-19 lockdown. Other than disclosed above, there were no shutdown of operations, outlets, plants and offices that curtailed business activities.

- b. Impact of COVID-19 on the Company’s operations and whether there has there been material disruption to the Company’s supply chains and/or a material impact to demand for the Company’s goods and services. Are there material operational constraints and has the Company put in place measures to overcome these challenges;

Reply by Company:

As a result of the Covid-19 lockdown, the demand for our goods were impacted as some of our dealers were not able to operate their physical retail outlets during the COVID-19 lockdown. We did not experience supply issues as we had existing inventory on hand.

However, going forward, we anticipate there may be a disruption to the supply and logistics chain leading to longer lag time in ordering inventory which may impact our ability to restock timely when our inventory on hand dwindles. This is mainly due to our supply factories overseas are experiencing a surge in demand and possible components shortages which will result in an increase in lag time from ordering till receipt of inventory.

- c. Compliance with COVID-19 restrictions: Has the Company been in breach of any COVID-19 restrictions which may lead to penalties by the relevant authorities;

Reply by Company:

No.

- d. Impact of COVID-19 on the Company's earning prospects: Impact of COVID-19 on Company's liquidity and the Company's balance sheet;

Reply by Company:

Whilst we experienced a drop in earnings as a result of a decrease in sales, our cash flow was partly cushioned by the government schemes to companies. We were also actively monitoring and taking measures to control costs during the period.

Any negative impact on liquidity was minimized by a decrease in inventory holdings and the Temporary Bridging Loan under Enterprise Financing Scheme. Due to our active monitoring, our Balance Sheet remains healthy as of today.

- e. Impact of COVID-19 on Company's contractual obligations: Has the Company or any of its counter-parties exercised temporary relief, force majeure clauses or termination of contractual obligations for material contracts? Are there any threats to the Company's contractual rights or ability to fulfil its obligations for material contracts? Are there material contractual terms that have been waived or newly imposed;

Reply by Company:

COVID-19 did not result in any negative or adverse impact on existing contractual obligations of the Company. There is no material contractual terms that have been waived or newly imposed.

- f. Threats to viability: Are there significant threats to the Company's ability to operate as a going concern? Does the Company anticipate making significant changes to its business plans in order to manage its near term costs; and

Reply by Company:

We do not foresee any significant threats to the Company's ability to operate as a going concern in the next 12 months. We remain committed to invest in our people, renovate our showroom, implement new ERP system, introduce new brand and new products as well as develop multiple sales channels. While we will be cautiously managing the near term costs, there may still be an impact on our earnings.

- g. Impact of governmental measures: How have the Company's key businesses been affected by national and/or international measures taken by countries to address the impact of COVID-19? Do budgetary support measures have an impact on the operations and business plans of the Company?

Reply by Company:

Refer to our response in (d) above on the government grants and loan schemes.

By order of the Board

Lim Soo Kong
Executive Director and Chief Executive Officer

Date: 4 December 2020