



11 April 2020

Matalan Covid-19 Business Update

Matalan, a leading omni-channel fashion and homeware retailer, today issues an update on developments in its business regarding Covid-19.

Our colleagues and our customers

Matalan has been one of Britain's household names for 35 years but never have we faced such difficult and unpredictable times. Along with a significant number of businesses we have been seriously impacted by COVID-19. As always, the safety and wellbeing of our colleagues and customers remains our top priority. Ahead of the formal lockdown instruction issued by Government on the 24 March 2020, we had already announced the temporary closure of all 232 stores in our estate. Along with the majority of the retail industry, we continue to serve customers online via home delivery and are closely following the Government guidance, going above and beyond to ensure the safety of both our employees and our customers. We have strict health and safety regimes in place, with a number of precautions endorsed by the EHO to make sure everyone can operate safely. Our proactive decisions have been commended by our local MPs and Mayor.

We want to thank all our colleagues for their hard work, support and dedication during this incredibly challenging time. We look forward to getting back to business as normal and reopening our stores as soon as the Government advise it is safe and sensible to do so.

Management action

In common with many other UK retailers, we are focusing on preserving cash, managing working capital, and reducing costs in addition to accessing any available Government support. We have taken decisive and immediate action which includes, but is not limited to:

- Significantly reshaping incoming stock volumes
- Engaging with all of our suppliers including landlords
- Placing over 10,000 of our colleagues in furlough via the Coronavirus Job Retention Scheme
- Aggressively reducing variable costs and deferring capex wherever possible
- Deferring tax and national insurance payments
- Accessing the 12-month business rates exemption worth over £40m

Matalan is not eligible for the Coronavirus Large Business Interruption Loan Scheme, nor the Covid Corporate Financing Facility. We believe the criteria which render Matalan (amongst many other companies of our scale and profile) ineligible for either scheme are arbitrary, and we have been actively lobbying Government to reconsider its support framework.

Further potential action

Matalan operates with strong financial discipline and had a healthy level of liquidity prior to Covid-19, enabling a considered review of the need for further measures following the closure of our stores. Subsequently, we have bolstered our liquidity by drawing down fully against our existing revolving credit facility ('RCF'), having never before done so. Looking forward, we have developed a number of scenarios to assess the impact of different societal lockdown periods on our liquidity headroom. In addition to further Management action, some of these scenarios include the potential introduction of short term funding in excess of the existing RCF and as such we are exploring multiple options. We have no near-term maturities on our long-term debt funding, which matures in 2023/24, however in considering all options Management will fully respect our bond Investors.

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