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## Financing and Operations Update

### JOHN LEWIS OF HUNGERFORD PLC

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John Lewis Of Hungerford PLC

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**John Lewis of Hungerford plc**  
(the "Company")

#### Financing and Operations Update

John Lewis of Hungerford Plc (AIM: JLH), the specialist manufacturer and retailer of kitchens, bedrooms and freestanding furniture, announces the following update on financing and operations.

#### Financing

The Board have been determined to ensure a degree of resilience around the finance structure of the business and to that end, as detailed in the COVID-19 Statement announced on 30 March 2020, the Company had recently completed a formal independent revaluation of its freehold properties. This resulted in an increased valuation of £1.9m (compared with a balance sheet net book value of £1.2 million). The Company stated that it was in advanced discussions with a new liquidity provider in relation to increasing its net facilities against the freehold.

The Board announces that it has entered into a new financing facility with Devon & Cornwall Securities Limited for £1.079 million, which will be drawn down immediately. The interest only facility has an interest rate of approximately 10 per cent per annum, payable monthly on drawn down funds, together with a facility fee of 2 per cent payable on completion. In case of default, an additional 7.75% interest would be payable under the loan. The new loan will replace the Company's existing loan (£408k) and overdraft facility (£250k) with immediate effect. Normal day to day banking will continue with the Company's existing bankers. The Board believes this provides sufficient liquidity required by the business as it continues to operate within a trading environment, which is slowly showing signs of recovery.

In addition to the wider comprehensive cost reductions implemented since mid-2019, the Company continues to implement further cost-cutting measures with a stringent focus on cash management and along with the suspension of all but essential capital expenditure, during this challenging period. The Directors have also agreed to a 20% reduction in salary or fees for a period of three months with effect from 1 May 2020. The Company also negotiated preferential terms and support from certain landlords and suppliers.

The Company utilised the various Government initiatives including furloughing 70% of the total workforce for the initial lockdown period. 30% of the workforce continued to be furloughed throughout April and May, until the retail showrooms re-opened fully in line with government guidance, in mid June. A small proportion of staff remain furloughed at this time through the Job Retention Scheme. The Company has been able to access the Business Support Grants and the Business Rates Relief, together with the deferral of VAT payments to HMRC. It did however prove extremely challenging, in line with other retailers, to access any Government funds under the CBILS scheme, due to the strict qualification criteria required.

#### Operations

As detailed in our COVID-19 Statement announced on 30 March 2020, the Company's showrooms, being non-essential retail, closed following the Prime Minister's announcement on 23 March 2020. Improvements in the Company's marketing programme including virtual showroom tours and online design consultations, led to a good number of customers placing deposits for new kitchens and bedrooms, working with a reduced design team, during this period.

The Company has completed all necessary risk assessments to ensure the showrooms are COVID Secure in accordance with Public Health

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security around deliveries on site complying to hand sanitisation.

### COVID-19 Impact and Current Trading

COVID-19 and related Government restrictions affecting the Company's operations will have a significant impact on the final results for the year ended 30 June 2020. The timing of the lockdown in particular, reduced the Company's ability to trade during its seasonal peak in the

final quarter. Although we have been able to resume with deliveries and installations to some customers since restrictions enabling trades on site were lifted, many of our customers have been subject to building delays combined with health concerns around shielding or self-isolation. The final results for the year ended 30 June 2020 will therefore bear the impact of a significantly reduced final quarter. The Company will provide a further pre-close trading update in due course.

With some orders having been delayed and new business also having been secured during the lockdown and since the re-opening of the showrooms, the Company has a good platform for the business for the new financial year and currently, the first quarter is tracking ahead of the previous year.

The manufacturing of orders, which had been paused at the beginning of the lockdown, has now fully resumed and orders are being fulfilled in accordance with customer installation timings and individual safety needs. The Company is operating at normal lead-time levels moving forward.

Further announcements will be made, as appropriate.

Enquiries:

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