

NZX AND MEDIA RELEASE

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Smiths City restructuring process to begin

Smiths City (NZX.SCY) today announces it is starting consultation with its employees and negotiations with its landlords to restructure the company.

The Covid-19 pandemic and the temporary closure of our store network since late March continues to have a significant impact on our business.

Smiths City online has continued to trade, and while we are pleased with the support we have received through the lockdown, this has obviously not been enough to make up the shortfall in sales from the closed stores. Moreover, once we open our doors - potentially as soon as we move to Alert Level 2 - we anticipate facing subdued trading conditions.

Smiths City is continuing discussions with potential strategic investors, as foreshadowed by its announcement to the NZX on 30 March 2020. The company continues to retain the support of its bank ASB to see these discussions through to conclusion.

From the analysis the company has undertaken, a restructuring is clearly necessary in order to secure investment and have a sustainable, post-pandemic retail business. The Board has therefore proactively commenced this restructuring process as its investor discussions continue.

Smith City Chair Alastair Kerr said while it was likely that the restructure will result in the closure of some stores and job losses, the final outcome is dependent on how the consultation and negotiation process unfolds.

“We expect this consultation process to be concluded in just over two weeks with the Board to then make a decision on adopting a final restructuring plan,” Mr Kerr said.

“The decision today to start this process has been hard. Smiths City has long benefited from the support of a loyal customer base as well as a committed team that has frequently gone the extra mile to meet customer demands and support the Smiths City brand.

“Through the lockdown this has also included a reduction in pay. We are grateful for the sacrifices the whole team has made and we regret having to take further action to ensure the

future for the business.”

Smiths City will update the market as more information comes to hand.

For more information:

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About Smiths City Group Limited

Smiths City Group (NZX.SCY) was founded in Christchurch in 1918 and has a proud tradition as one of New Zealand’s oldest and largest retail chains. The company floated on the stock exchange in 1972 and operates stores nationwide. It also operates the Smiths City Finance, and the Smiths City Commercial businesses. On the web: www.smithscity.co.nz and www.smithcitygroup.co.nz.