

This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014 ("MAR"). Upon the publication of this announcement via a regulatory information service, this information is now considered to be in the public domain.

TEX HOLDINGS PLC

CHAIRMAN'S STATEMENT – 27th July 2020

I will now provide you a brief report of the trading companies.

The business overall has been adversely impacted by the COVID-19 situation. As such, the board and senior management team have taken swift and timely action to mitigate the impact caused by the pandemic. The business has made use of the Government furlough scheme and has managed costs tightly in all areas. It is expected that the results of these measures will provide a solid base for recovery and growth in 2021 although cashflow continues to be critical.

The Plastics Division is trading at approximately 70% of expected levels which is thanks to the increase in business from the medical and hygiene sectors compensating for the slowdown in other orders. With lockdown restrictions easing, business has started showing signs of recovery. The cost control initiatives previously announced have been implemented.

Tex Engineering is having a difficult year and a root & branch review is being made of the cost and pricing structures to provide a more efficient, lean and profitable operation. The orders are improving with June intake recovering to pre COVID-19 levels, with certain capital plant sales secured. The prospect of future investment in major infrastructure projects gives grounds for cautious optimism.

Eurotex trading during the first half of the year has been better than budgeted levels with orders being received from a number of sovereign navies. Work continues on the River class vessels and the maintenance periods scheduled during lockdown are now confirmed for the second half of the year.

The A.T.C. division continues to progress current contracts to supply major international customers with seven Visual Control Rooms which are in the final stages of completing the structural calculations and design. Upon receipt of site-specific information and client design approval, manufacturing will commence. Contracts are ongoing in support of the Queen Elizabeth Class aircraft carriers. The division is also working on a number of additional tenders to supply specialist glass and Visual Control Rooms.

BSP started 2020 with a strong order book and continued to gain good traction with order intake in Q1, which has resulted in us completing the first half of the year slightly ahead of budgeted sales despite the challenges of the pandemic. Cash collection has been strong throughout the period and the second half of the year is expected to be in line with budgeted levels.

G&M TEX has experienced a slowdown in orders, however the orders for generators on six crab fishing vessels are expected to be placed in Q3. The project for Colchester NHS Trust, whilst delayed, is now expected to complete testing in July with installation in August. Generally, the experience has been that orders will still materialise but at a slower rate than pre-pandemic expectations.

QK Honeycomb Products has been the one group company hardest hit by COVID-19. During the 1st quarter of the year trading was at above budgeted levels. However, due to COVID-19, the majority of QK's regular customers suspended production, resulting in a significant drop in demand during the 2nd quarter. The easing of government lockdown restrictions has seen a gradual return of some customers, although normal operations are not anticipated to resume until late August, after the annual summer shutdown period. The main customer base - the 'leisure vehicle manufacturers' - are reporting positive news from their dealers, advising a surge of interest from new and existing customers as people consider the 'staycation' holiday.

As a Group, 2020 is no longer a year of planned growth, but a year to review and consolidate the businesses, minimise costs wherever possible and putting measures in place to use COVID-19 as a catalyst for change. This will build a far more lean and agile business for when the recovery eventually materialises. In light of the current uncertainties around COVID-19, the global economy and Brexit, the board has decided it needs additional working capital and has approached the major shareholder for further funding.

G.C. Gray
Chairman

27th July 2020