

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this Document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser. The whole of this Document should be read, but your attention is, in particular, drawn to the section entitled “Risk Factors” in Part II of this Document.

If you have sold or otherwise transferred all of your Existing Ordinary Shares prior to 6.00 p.m. on 29 October 2020, being the Record Date, please immediately forward this Document, together with the accompanying Form of Proxy and, if relevant, the Application Form as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately and refer to the instructions regarding split applications in the Application Form (if relevant).

The distribution of this Document and any accompanying documents to jurisdictions other than the United Kingdom may be restricted by applicable laws or regulations and neither this Document nor the Application Form forms part of any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for New Ordinary Shares in any jurisdiction where such offer, invitation or solicitation is unlawful. Persons in jurisdictions other than the United Kingdom into whose possession this Document and/or any of the accompanying documents comes should inform themselves about and observe such applicable legal or regulatory requirements in such jurisdiction. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction.

**The total consideration under the Open Offer will be less than €8 million (or an equivalent amount in sterling) in aggregate and the New Ordinary Shares (other than the Open Offer Shares) will only be available to qualified investors for the purposes of the Prospectus Regulation Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of the FSMA. Neither the Subscription nor the Open Offer constitutes an offer to the public requiring an approved prospectus under section 85 of the FSMA and so this Document is not a prospectus for the purposes of the Prospectus Regulation Rules. Accordingly, this Document has not been, and will not be, reviewed or approved by the FCA pursuant to sections 85 and 87 of the FSMA, the London Stock Exchange or any other authority or regulatory body and has not been approved for the purposes of section 21 of the FSMA.**

Neither the London Stock Exchange nor the FCA has examined or approved the contents of this Document. This Document does not constitute a recommendation regarding securities of the Company. It is emphasised that no application is being made for admission of the New Ordinary Shares to AIM or the Official List. The New Ordinary Shares will not be dealt on any recognised investment exchange and no such application will be made.

# Tex Holdings plc

*(incorporated and registered in England and Wales under number 00405838)*

**Proposed Subscription of 8,000,000 new Ordinary Shares  
at an issue price of 20 pence per share**

**Proposed Open Offer of 5,000,000 new Ordinary Shares  
at an issue price of 20 pence per share**

**Proposed Loan Conversion at 20 pence per Ordinary Share**

**Proposed Share Buyback at 20 pence per Ordinary Share**

**Amendment of Articles**

**Proposed Waiver of Rule 9 of the City Code on Takeovers and Mergers**

**and**

**Notice of Extraordinary General Meeting**

Your attention is drawn to the letter from the Independent Directors of the Company which is set out in Part I of this Document and which recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting (“EGM”) referred to below and to the section headed “Risk Factors” in Part II of this Document. The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 26 November 2020. The procedure for application and payment for Qualifying Shareholders is set out in paragraph 3 of Part III of this Document, and, where relevant, in the Application Form being sent to Qualifying non-CREST Shareholders.

Notice of an EGM to be held at Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk, IP6 0NL on 27 November 2020 at 11.00 a.m. is set out at the end of this Document.

You are requested to vote by proxy electronically by no later than 11.00 a.m. on 25 November 2020 or complete the form of proxy (which you may request from Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6AH, United Kingdom) in accordance with the instructions printed on it and return it so as to be received by no later than 11.00 a.m. on 25 November 2020.

**Following the COVID-19 'Stay at Home Measures' imposed by the UK Government prohibiting, amongst other things, non-essential travel and large public gatherings, the Board will be implementing the following measures in respect of the EGM:**

- **We expect only the Chairman and two shareholder Directors to be in attendance in person at the venue for quorum purposes to conduct the business of the meeting.**
- **Shareholders will not be permitted to attend the EGM, and if they attempt to do so, will be refused entry to the meeting in line with the Stay at Home Measures.**
- **Relevant questions related to the EGM from shareholders can be raised in advance of the EGM and, in so far as is relevant to the business of the meeting, will be responded to by email and taken into account as appropriate at the EGM itself.**
- **Voting at the EGM will be carried out by way of poll, so that votes cast in advance and the votes of all shareholders appointing the chairman of the meeting as their proxy can be taken into account.**
- **As usual, the results of the EGM will be announced as soon as practicable after it has taken place.**

**Whilst submission of a proxy vote would not ordinarily preclude you from attending and voting in person at the EGM or any adjournment thereof, in line with the Government Stay at Home Measures, any shareholder attempting to attend the EGM will be denied entry.**

WH Ireland Limited, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as independent adviser to Company as required by Rule 3.1, and Paragraph 4(a) of Appendix 1, of the Takeover Code and will not be responsible to any person other than the Company for providing the regulatory and legal protections afforded to customers of WH Ireland Limited nor for providing advice in relation to the contents of this document or any matter, transaction or arrangement referred to in it. Without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by WH Ireland Limited as to the contents of this document. No liability whatsoever is accepted by WH Ireland Limited for the accuracy of any information or opinions contained in this document, for which the Directors and the Company are solely responsible, or for the omission of any information from this document for which it is not responsible.

The New Ordinary Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, New Zealand, the Republic of South Africa or Japan, nor has any prospectus in relation to the New Ordinary Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the New Ordinary Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into such jurisdictions. Overseas Holders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

### **IMPORTANT INFORMATION**

The New Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the applicable securities laws of any state or other jurisdiction of the United States or qualified for distribution under any applicable securities laws in any other Restricted Jurisdiction. The New Ordinary Shares may not be offered, sold, taken up, resold, transferred or delivered, directly or indirectly, within, into or in the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. The New Ordinary Shares are being offered and sold outside the United States in offshore transactions within the meaning of, and in accordance with, the safe harbour from the registration requirements in Regulation S under the Securities Act.

WH Ireland Limited makes no representation or warranty to any offeree or purchaser of the New Ordinary Shares regarding the legality of any investment in the securities by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his, her or its own advisers as to the legal, tax, business, financial and related aspects of a purchase of the New Ordinary Shares.

None of the New Ordinary Shares, the Application Form, this Document nor any other document connected with the Fundraising has been or will be approved or disapproved by the United States Securities and Exchange Commission or by the securities commissions of any state or other jurisdiction of the United States or any other regulatory authority, nor has any of the foregoing authorities or any securities commission passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Application Form or the accuracy or adequacy of this Document or any other document connected with the Fundraising. Any representation to the contrary is a criminal offence.

Notwithstanding anything to the contrary herein, each prospective investor may disclose to any and all persons, without limitation of any kind, the US federal income tax treatment and tax structure of the Company and of the transactions contemplated by the Company. For this purpose, "tax structure" shall mean any fact that may be relevant to understanding the purported or claimed US federal tax treatment of the transaction; provided that none of the following shall for this purpose constitute tax treatment or tax structure information: the name of or other identifying information relating to the performance of the Company or its operations.

Not all Shareholders will be Qualifying Shareholders. Subject to certain exceptions, Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any other Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form or otherwise be permitted to participate in the Fundraising. The attention of Overseas Shareholders is drawn to paragraph 6 of Part III of this Document.

**The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 26 November 2020. The procedure for application and payment for Qualifying Shareholders is set out in paragraph 3 of Part III of this Document, and, where relevant, in the Application Form.**

### **FORWARD LOOKING STATEMENTS**

This Document may contain statements about Tex Holdings plc (“Tex”) that are or may be “forward-looking statements”. All statements, other than statements of historical facts, included in this Document may be forward-looking statements and are subject to, *inter alia*, the risk factors described in Part II of this Document. Without limitation, any statements preceded or followed by, or that include, the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “should”, “anticipates”, “estimates”, “projects”, “would”, “could”, “continue”, “potential” or words or terms of similar substance or the negative thereof, are forward-looking statements. These forward-looking statements include matters which are not facts. They appear in a number of places throughout this Document and include (without limitation) statements regarding the Directors’ intentions, understanding, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth and strategies. These forward-looking statements are not guarantees of future performance and have not been reviewed by the auditors of Tex. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation, Tex does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to Tex or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this Document are based on information available to the Directors at the date of this Document, unless some other time is specified in relation to them, and the posting or receipt of this Document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

Shareholders should not construe the contents of this Document as legal, tax or financial advice, and should consult with their own advisers as to the matters described herein.

## TABLE OF CONTENTS

|   | <b>Page</b> |
|---|-------------|
| EXPECTED TIMETABLE OF PRINCIPAL EVENTS.....                                   | 5           |
| KEY STATISTICS.....   | 6           |
| PART I LETTER FROM THE INDEPENDENT DIRECTORS OF THE COMPANY.....              | 8           |
| PART II RISK FACTORS.....   | 21          |
| PART III DETAILS OF THE OPEN OFFER .....                                      | 25          |
| PART IV FINANCIAL INFORMATION ON THE COMPANY AND LE BAS INVESTMENT TRUST..... | 40          |
| PART V ADDITIONAL INFORMATION.....  | 41          |
| NOTICE OF EXTRAORDINARY GENERAL MEETING.....                                  | 55          |

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2020

|  |                                  |
|--|----------------------------------|
| Record Date for entitlements under the Open Offer  | 6.00 p.m. on 29 October          |
| Announcement of details of the Fundraising   | 7.00 a.m. on 3 November          |
| Publication of this Document   | 3 November                       |
| Entitlements credited to stock accounts in CREST of Qualifying CREST Holders   | 4 November                       |
| Recommended latest time and date for requesting withdrawal of Entitlements from CREST  | 4.30 p.m. on 20 November         |
| Recommended latest time and date for depositing Entitlements into CREST  | 3.00 p.m. on 23 November         |
| Latest time and date for splitting of Application Forms under the Open Offer   | 3.00 p.m. on 24 November         |
| <b>Latest time and date for receipt of Forms of Proxy</b>  | <b>11.00 a.m. on 25 November</b> |
| <b>Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)</b> | <b>11.00 a.m. on 26 November</b> |
| Extraordinary General Meeting  | 11.00 a.m. on 27 November        |
| Announcement of result of Fundraising  | 27 November                      |
| Issue of the Subscription Shares and Open Offer Shares   | 2 December                       |
| Subscription Shares and Open Offer Shares in uncertificated form credited to CREST accounts  | 2 December                       |
| Despatch of definitive share certificates in respect of Subscription Shares and Open Offer Shares to be issued in certificated form  | within 10 Business Days of Issue |

*Notes:*

- (i) References to times in this Document are to London time (unless otherwise stated).
- (ii) If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement to an RIS.
- (iii) The timing of the events in the above timetable and in the rest of this Document is indicative only.
- (iv) In order to subscribe for Open Offer Shares, Qualifying Shareholders will need to follow the procedure set out in Part III of this Document and, where relevant, complete the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or wish to request another Application Form, they should contact Computershare Investor Services PLC on 0370 707 1339 or if calling from outside the UK on +44 370 707 1339. Calls may be recorded and monitored randomly for security and training purposes. Computershare Investor Services PLC cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

## KEY STATISTICS

|   |   |
|---|---|
| Number of Qualifying Shares   | 6,351,452   |
| Entitlement under the Open Offer  | 1 Open Offer Share for every<br>1.2702904 Qualifying Shares |
| Issue Price   | 20 pence  |
| Number of Subscription Shares being issued pursuant to the Subscription   | 8,000,000   |
| Number of Open Offer Shares being issued pursuant to the Open Offer   | 5,000,000   |
| Enlarged share capital of the Company immediately following issue<br>Subscription Shares and the Open Offer Shares pursuant to the Fundraising  | 19,351,452  |
| Percentage of Enlarged share capital of the Company immediately<br>following issue of the Subscription Shares and Open Offer Shares represented<br>by the Subscription Shares and the Open Offer Shares | 67.18 per cent.   |
| Number of new Ordinary Shares being issued pursuant to the Loan Conversion  | up to 35,000,000  |
| Enlarged share capital of the Company following the Loan Conversion   | up to 54,351,452  |
| Gross proceeds of the Subscription (before expenses)  | £1.6 million  |
| Gross proceeds of the Open Offer (before expenses)  | £1.0 million  |
| Gross proceeds of the Fundraising (before expenses)   | £2.6 million  |
| Estimated net proceeds of the Fundraising   | £2.5 million  |
| ISIN of the Ordinary Shares   | GB0008850470  |
| ISIN of the Entitlement   | GB00BMH57L16  |

## DIRECTORS AND ADVISERS

|                                      |  |
|--------------------------------------|--|
| <b>Directors</b>                     | Richard Burrows (Non-Executive Director)<br>George Gray (Chairman)<br>Christopher Palmer-Tomkinson (Non-Executive Director)<br>Christian Ross (Executive Director)<br>David Redhead (Executive Director) |
| <b>Registered Office</b>             | Claydon Business Park<br>Gipping Road<br>Great Blakenham<br>Ipswich<br>Suffolk<br>IP6 0NL  |
| <b>Company Secretary</b>             | Christian Ross   |
| <b>Independent Rule 3 Adviser</b>    | WH Ireland Limited<br>24 Martin Lane<br>London<br>EC4R 0DR   |
| <b>Legal Advisers to the Company</b> | Birketts LLP<br>Providence House<br>141 - 145 Princes Street<br>Ipswich<br>IP1 1QJ   |
| <b>Registrars</b>                    | Computershare Investor Services PLC<br>The Pavilions, Bridgwater Road<br>Bristol<br>BS99 6ZZ   |
| <b>Legal Advisers to Le Bas</b>      | Dechert LLP<br>160 Queen Victoria Street<br>London<br>EC4V 4QQ   |
| <b>Financial Adviser to Le Bas</b>   | Spark Advisory Partners Limited<br>5 St John's Lane<br>London<br>EC1M 4BH  |

## PART I

### LETTER FROM THE INDEPENDENT DIRECTORS OF THE COMPANY

# Tex Holdings plc

*(incorporated and registered in England and Wales under number 00405838)*

*Directors:*

Richard Burrows  
George Gray  
Christopher Palmer-Tomkinson  
Christian Ross  
David Redhead

*Registered Office:*

Claydon Business Park Gipping  
Road Great Blakenham  
Ipswich  
Suffolk  
IP6 0NL

3 November 2020

Dear Shareholder,

**Proposed Subscription of 8,000,000 new Ordinary Shares at  
an issue price of 20 pence per share**

**Proposed Open Offer of 5,000,000 new Ordinary Shares at  
an issue price of 20 pence per share**

**Proposed Loan Conversion at 20 pence per Ordinary Share**

**Proposed Share Buyback at 20 pence per Ordinary Share**

**Proposed Waiver of Rule 9 of the City Code on Takeovers and Mergers**

and

**Notice of Extraordinary General Meeting**

## 1. Introduction

Earlier today, the Company ("**Tex**") announced that it had conditionally raised approximately £2.6 million before expenses by way of an issue of 13,000,000 new Ordinary Shares at 20 pence per share (the "**Fundraising**").

The Fundraising comprises a Subscription and an Open Offer. The Company's major shareholder, Edward Le Bas Limited ("**Le Bas**"), has conditionally subscribed for all the Subscription Shares at the Issue Price, raising approximately £1.6 million before expenses. In addition, the Open Offer of 5,000,000 Open Offer Shares at the Issue Price will raise £1.0 million before expenses. The Open Offer is available to all Qualifying Shareholders and Le Bas has agreed to acquire any Open Offer Shares not subscribed for by Qualifying Shareholders.

As a condition to Le Bas agreeing to subscribe for the Subscription Shares and any Open Offer Shares not subscribed for by Qualifying Shareholders pursuant to the Open Offer, Le Bas has required that the Le Bas Loan be converted into new Ordinary Shares in the capital of the Company at a conversion price equivalent to 20 pence per Ordinary Share (the "**Loan Conversion**"). The loan is represented by the facility agreement dated 27 November 2019 and was entered into between the Company and Edward Le Bas Properties Limited who assigned its rights and obligations in respect of the facility agreement to Le Bas on 26 October 2020. The Loan Conversion will enable the Company to benefit from reduced interest payments and provide potential security for third party lending should this be required in the future.

Whilst the timing of the Loan Conversion and the quantum of the Le Bas Loan to be converted have yet to be fully determined, the conversion price has been agreed between Le Bas and the Company at



20p per new Ordinary Share. Therefore, a maximum of 35,000,000 new Ordinary Shares will be issued to Le Bas pursuant to the Loan Conversion. The Fundraising and the Loan Conversion are conditional upon, amongst other things, Shareholder approval of the Resolutions which will be sought at the forthcoming Extraordinary General Meeting (“EGM”) to be held at Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk, IP6 0NL on 27 November 2020 at 11.00 a.m. You will find a Notice of EGM at the end of this Circular.

**Without your support in voting in favour of the resolutions to implement the Fundraising and the Loan Conversion, the Independent Directors believe that in a COVID pandemic impacted environment the Company may well have to cease trading. The Fundraising and the Loan Conversion in the opinion of the Independent Directors represent the most viable options open to the Company.**

**Shareholders will have the choice to participate in the Fundraising through the Open Offer. The Board has negotiated with Le Bas that despite the Company’s perilous financial position, some of the proceeds of the Fundraising will be applied to fund a share buy-back exercise.**

**The Company intends, following completion of the Fundraising, to use up to approximately £0.8 million of the Fundraising proceeds to purchase (at a price of 20p per Ordinary Share) and cancel Ordinary Shares held by Shareholders (other than those held by the Concert Party) should they not wish to remain Shareholders following the completion of the Fundraising (the “Proposed Share Buyback”). As the Ordinary Shares are no longer admitted to trading on the Standard Segment of the Main Market, it is intended that the Company will make an off-market purchase of its own Ordinary Shares pursuant to the provisions of the Companies Act. Under the Companies Act, a company may only make an off-market purchase of its own shares pursuant to a buyback contract that is approved before the purchase. A buyback contract is an agreement between the company and one or more shareholders whose shares are to be repurchased. At the present time of course, it is not yet known who such Shareholders will be in detail, and, as such, no buyback contract can be entered into for approval by Shareholders. However, the Independent Directors wish to put the buyback proposal in general to Shareholders at the EGM in order to ensure that Shareholders’ views on such a buyback are known at the time of the EGM. Once the identity of Shareholders who wish their Ordinary Shares to be repurchased is known a buyback contract can be entered into and formal approval sought from Shareholders for the purposes of the Companies Act. The Proposed Share Buyback will take place at a price of 20 pence per Ordinary Share.**

**The Company has many stakeholders, including shareholders, valued employees and suppliers, some of which are small local businesses. In order to safeguard the future of the Company, the Independent Directors strongly urge relevant Shareholders to vote in favour of the Resolutions.**

The terms of the Fundraising, the Loan Conversion and the Proposed Share Buyback give rise to certain considerations under the Takeover Code. Le Bas, Le Bas Investment Trust, Redmayne (Nominees) and Minnowdown (collectively, the “**Concert Party**”) have confirmed to the Company that they are presumed to be acting in concert (as defined in the Takeover Code). As at the Latest Practicable Date, the Concert Party is interested in 2,488,551 Existing Ordinary Shares, representing 39.2 per cent. of the Existing Ordinary Shares.

Under Rule 9 of the Takeover Code, on completion of the Fundraising, the Concert Party would normally be obliged to make a mandatory general offer to all Shareholders to acquire all the Ordinary Shares not owned by the Concert Party. The Panel has agreed to waive this obligation, and the obligations that arise on implementation of the Loan Conversion and the Proposed Share Buyback, subject to the approval (on a poll) of the Independent Shareholders of the Whitewash Resolution. The Fundraising, the Loan Conversion and the Proposed Share Buyback are therefore conditional, amongst other things, on the approval of the Whitewash Resolution by the Independent Shareholders.

Your attention is drawn to paragraph 8 of this Part I which contains further information on the Takeover Code and the proposed waiver of Rule 9 of the Takeover Code.

For the purposes of this document, Richard Burrows is not considered to be independent in light of his position as a director of Edward Le Bas Limited and Le Bas Limited. As a result, he does not accept responsibility for the views of the Board on the Fundraising and is not participating in the recommendations to Shareholders.

**The purpose of this Document is to set out the background to, and reasons for, the Fundraising, the Loan Conversion and the Proposed Share Buyback, to give details of the Fundraising, the Loan Conversion and the Proposed Share Buyback and it sets out the reasons why the Independent Directors believe the Fundraising, the Loan Conversion and the Proposed Share Buyback, are in the best interests of the Company and its Shareholders as a whole and, also, why the Independent Directors recommend you vote in favour of the Fundraising and Loan Conversion Resolutions and the Proposed Share Buyback Resolution and the Independent Directors recommend that Independent Shareholders vote in favour of the Whitewash Resolution at the EGM.**

## **2. Background to and reasons for the Fundraising, Loan Conversion and Share Buyback**

On 27 July 2020, the Company updated the market on its financial position and outlook in light of the significant ongoing disruption caused by COVID-19. As announced to the market, the Board has concluded that, as a result of the financial challenges facing the Company, it requires additional working capital. The Board, having given careful consideration to the best way to raise capital to enable the Company to move to a position of financial stability, approached Le Bas, its major shareholder, for further funding.

On 27 July 2020, the Board received a letter from Le Bas outlining the terms on which it would be willing to provide additional funding to the Company. These terms formed the basis for the Fundraising. The Independent Directors consider that the Fundraising represents the only certain method in the current circumstances that the future of the Company can be safeguarded for the benefit of all stakeholders in the business.

On 15 September 2020, the Board announced that it had concluded that it was in the best interests of the Company's stakeholders (including but not limited to its Shareholders) to apply to the FCA to seek a cancellation of the listing of its ordinary shares on the standard segment of the Official List and to trading on the London Stock Exchange's Main Market. The cancellation became effective on 13 October 2020.

In reaching its decision to recommend the Fundraising, the Loan Conversion and the Share Buyback to Shareholders, the Independent Directors have given careful consideration to the following factors:

- Prior to the Le Bas Loan being drawn by the Company on 28 November 2019, the Board carefully reviewed the alternative options available to provide the required funding for the Company. This review included discussions with the Company's bank. During the course of this review it became clear that the bank would not be willing to consider lending the required funds to the Company without a full independent business review completed by a firm of accountants at the Company's expense. The Directors considered that an independent business review, which is normally used by banks to assess companies in financial distress, would not have assisted the Company in raising additional funding and would cause unnecessary cost and delay.
- The Independent Directors, having reviewed the budgets and cash flows for the year ending 31 December 2020, believe that it was unlikely that operating cash flow could sufficiently finance the Company, and the Independent Directors considered that there were too many significant trading, economic and structural risks associated to be confident that objective could be achieved.
- The Company has made Le Bas aware that should the Company's trading be in line with the Board's current forecasts there is a strong probability that the asset cover required in the Le Bas Loan agreement will be breached. In such circumstances, without the Fundraising, Le Bas would be entitled to (and would be likely to) require the full repayment of the Le Bas Loan, which in the Independent Directors' opinion would certainly lead to the Company being placed into administration as they believe it remote in the extreme that there would be a third party investor willing to repay the £7m loan and provide £2m of additional working capital and other expenses.
- Le Bas has a first charge over all the assets of the Company, save for QK Honeycomb Products Ltd freehold property, in Brigg, Lincolnshire, which is charged to the bank as security for a bank loan. As a result, without repayment of the Le Bas Loan the Company has no significant collateral to offer any alternative lender.

- The Directors, having reviewed alternative funders and in light of the Company's financial position and the existence of the Le Bas Loan and associated security, do not believe that an alternative acceptable funder can be found.
- The ability of the Company to raise funding from a fire sale of its assets should it require working capital is, in the opinion of the Board, extremely uncertain as to viability, timing and quantum in the current environment.
- The fact that Le Bas has agreed to acquire any Open Offer Shares not subscribed for by Qualifying Shareholders and that despite the Company's perilous financial position, some of the proceeds of the Fundraising will be applied to funding a share buy-back exercise.
- The likely damage to the business and resultant loss to stakeholders and Shareholders from the Company going into administration.

### **3. Use of net proceeds**

The estimated net proceeds of the Fundraising is approximately £2.5 million. The Company intends to use the net proceeds as follows:

- Approximately £1.7 million for general working capital purposes.
- Up to approximately £0.8 million to purchase and cancel Ordinary Shares of those Shareholders (other than those held by the Concert Party) pursuant to the Proposed Share Buyback should they not wish to remain Shareholders in the Company following the completion of the Fundraising. The Proposed Share Buyback will take place at a price of 20 pence per Ordinary Share.

### **4. Details of the Subscription**

The Company has conditionally raised £1.6 million before expenses through the issue by the Company of 8,000,000 Subscription Shares at the Issue Price to Le Bas pursuant to the Subscription Agreement.

The Subscription is conditional, amongst other things, upon the passing of the Fundraising and Loan Conversion Resolutions, the Proposed Share Buyback Resolution and the Whitewash Resolution at the EGM (or any adjournment thereof).

### **5. Details of the Open Offer**

In addition, the Company is proposing to raise a further £1.0 million before expenses pursuant to the Open Offer. The Open Offer Shares will be issued at the Issue Price. The Open Offer is being made on a pre-emptive basis, allowing all Shareholders on the register as at 6.00 p.m. on 29 October 2020 the opportunity to participate in the Fundraising. Le Bas has agreed to subscribe for any Open Offer Shares not subscribed for by Shareholders. This both allows Qualifying Shareholders to participate in the Open Offer on a pre-emptive basis whilst providing the Company with the certainty that the Open Offer will raise £1.0 million before expenses.

Subject to fulfilment of the conditions below, and Part III of the Circular, the Open Offer provides Qualifying Shareholders with the opportunity to apply to acquire Open Offer Shares at the Issue Price *pro rata* to their holdings of Qualifying Shares as at the Record Date on the following basis:

#### **1 Open Offer Share for every 1.2702904 Qualifying Shares**

registered in the name of each Qualifying Shareholder on the Record Date and so on in proportion to any other number of Qualifying Shares then held. Entitlements to apply to acquire Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlement to Open Offer Shares will be disregarded in calculating the Entitlement.

Qualifying Shareholders who do not take up any of their Entitlements will experience a dilution to their interests of approximately 67.2 per cent. following completion of the Fundraising.

The Open Offer is conditional, amongst other things, upon the passing of the Fundraising and Loan Conversion Resolutions, the Proposed Share Buyback Resolution and the Whitewash Resolution at the

EGM (or any adjournment thereof). If any of the conditions are not satisfied, the Open Offer Shares will not be issued.

The Open Offer Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares.

Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying non-CREST Holders should be aware that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

### **Settlement**

Further information in respect of settlement of the Open Offer Shares is set out in paragraph 8 of Part III of this Document.

### **Overseas Shareholders**

Certain Overseas Shareholders may not be permitted to subscribe for Open Offer Shares pursuant to the Open Offer and should refer to paragraph 6 of Part III of this Document.

### **CREST instructions**

Application has been made for the Entitlements for Qualifying CREST Holders to be admitted to CREST. It is expected that the Entitlements will be admitted to CREST on 4 November 2020.

If you are a Qualifying CREST Holder, no Application Form is enclosed with this Circular but you will receive a credit to your appropriate stock account in CREST in respect of your Entitlement. You should refer to the procedure for application set out in paragraph 3 of Part III of this Document. The relevant CREST instruction must have settled by no later than 11.00 a.m. on 26 November 2020.

### **Application Form**

If you are a Qualifying non-CREST Holder, an Application Form which gives details of your Entitlement under the Open Offer (as shown by the number of the Open Offer Shares allocated to you) is enclosed with this Circular. If you wish to apply for Open Offer Shares under the Open Offer, you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 3 of Part III of this Document and on the Application Form itself. The completed Application Form, accompanied by full payment, should be returned by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH **so as to arrive as soon as possible and in any event no later than 11.00 a.m. on 26 November 2020.**

**The latest time for applications under the Open Offer to be received is 11.00 a.m. on 26 November 2020.**

The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Entitlement or have your Entitlement credited to your stock account in CREST. **If you are in any doubt as to what action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

## **6. Proposed Share Buyback**

The Board is mindful that following the Fundraising and any debt for equity conversion of the Le Bas Loan, Le Bas will become the controlling shareholder of the Company.

The Company intends, following completion of the Fundraising, to use up to approximately £0.8 million of the Fundraising proceeds to purchase (at a price of 20p per Ordinary Share) and cancel Ordinary Shares held by Shareholders (other than those held by the Concert Party) should they not wish to remain Shareholders in the Company following the completion of the Fundraising. As the Ordinary Shares are no longer admitted to trading on the Standard Segment of the Main Market, it is intended that the Company will make an off-market purchase of its own Ordinary Shares pursuant to the provisions of the

Companies Act. Under the Companies Act, a company may only make an off-market purchase of its own shares pursuant to a buyback contract that is approved before the purchase. A buyback contract is an agreement between the company and one or more shareholders whose shares are to be repurchased. At the present time of course, it is not yet known in detail who such Shareholders will be, and, as such, no buyback contract can be entered into for approval by Shareholders. However, the Independent Directors wish to put the buyback proposal in general to Shareholders at the EGM pursuant to the Proposed Share Buyback Resolution in order to ensure that Shareholders' views on such a buyback are known at the time of the EGM. Once the identity of Shareholders who wish their Ordinary Shares to be repurchased is known, a buyback contract can be entered into and formal approval sought from Shareholders for the purposes of the Companies Act.

## **7. Matched Bargain Service**

The Board understands that as a result of the cancellation of the listing of the Ordinary Shares, the ability of minority Shareholders to buy or sell their Ordinary Shares will be restricted. As a result, the Board is seeking to establish a matched bargain service for Shareholders which should provide the opportunity for Shareholders to buy and sell Ordinary Shares at specified points in the financial year. Further details will be made available to Shareholders in due course.

## **8. Takeover Code**

The terms of the Fundraising give rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford are given below.

### ***Rule 9 of the Takeover Code***

The Code is issued and administered by the Panel. The Company is a company to which the Code applies, and its Shareholders are entitled to the protections afforded by the Code. Under Rule 9 of the Code, any person who acquires an interest (as defined in the Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person shall extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable; the Panel should be consulted in advance in such cases.

An offer will not be required under Rule 9 where control of the offeree company is acquired as a result of a voluntary offer made in accordance with the Code to all the holders of voting equity share capital and other transferable securities carrying voting rights. Note 4 on Rule 9.1 of the Code further provides, among other things, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company and acquires further shares, then they that person will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares, although individual members of the concert party will not be able to increase their percentage interest in shares through or between a Rule 9 threshold, without Panel consent.

An offer under Rule 9 of the Code must be made in cash (or with a cash alternative) and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

### ***Waiver***

Under Note 1 of the Notes on the Dispensations from Rule 9, the Panel may waive the requirement for a general offer to be made in accordance with Rule 9 if, amongst other things, the shareholders of a company who are independent of the person who would otherwise be required to make an offer, and any person acting in concert with him, pass an ordinary resolution on a poll at a general meeting or by way of a written resolution approving such a waiver.

The Company has applied to the Panel for a waiver of Rule 9 of the Code in order to permit the implementation of the Fundraising, the Loan Conversion and the Proposed Share Buyback without triggering an obligation on the part of the Concert Party, or any member of the Concert Party, to make a general offer to Shareholders. Subject to the approval of the Independent Shareholders of the Whitewash Resolution taken on a poll in General Meeting, the Panel has agreed to waive the obligations to make a Rule 9 Offer for the entire issued share capital of the Company that would otherwise arise as a result implementation of the Fundraising, the Loan Conversion and the Proposed Share Buyback. Accordingly, the Whitewash Resolution being proposed at the General Meeting will be taken by means of a poll of Independent Shareholders attending and voting at the General Meeting. Anybody who is not an Independent Shareholder cannot vote on the Whitewash Resolution. Any Shareholder, who is not an Independent Shareholder, has undertaken to the Company that they will not vote on the Whitewash Resolution.

The waiver to which the Panel has agreed under the Code will be invalidated if any purchases are made by any member of the Concert Party, or any person acting in concert with it, in the period between the date of this document and the General Meeting. Furthermore, no member of the Concert Party, nor any person acting in concert with it, has purchased Ordinary Shares in the 12 months preceding the date of this document.

### **Potential voting rights of the Concert Party**

Le Bas, Le Bas Investment Trust, Redmayne (Nominees) and Minnowdown have confirmed to the Company that they are presumed to be acting in concert (as defined in the Takeover Code). As at the Latest Practicable Date, the Concert Party is interested in 2,488,551 Existing Ordinary Shares representing 39.2 per cent. of the Existing Ordinary Shares. Le Bas, Le Bas Investment Trust, Redmayne (Nominees) and Minnowdown have confirmed that they will not take up their Open Offer Entitlements. On completion of the Fundraising, depending on participation in the Open Offer by Qualifying Shareholders, the Concert Party's interest in the Company would increase to, in aggregate, a maximum of 80.0 per cent. of the enlarged share capital following the issue of the Subscription Shares and the Open Offer Shares pursuant to the Fundraising. On completion of the Loan Conversion and completion of the Proposed Share Buyback, the Concert Party's interest in the Company would increase to a maximum of 100%, assuming that the Le Bas Loan is converted in its entirety and there is full take up of the Proposed Share Buyback.

The relevant interests of the members of the Concert Party in the Company as at the Latest Practicable Date, and their respective maximum potential controlling positions following completion of the Fundraising, Loan Conversion and Proposed Share Buyback are illustrated below:

**Table 1:** assumes no Qualifying Shareholder takes up any of their Entitlements under the Open Offer, the Le Bas Loan is converted in its entirety pursuant to the Loan Conversion and there is full take up of the Proposed Share Buyback.

| <i>Member of Concert Party</i>  | <i>As at the date of this Document</i> |   | <i>Immediately following the Fundraising</i> |   | <i>Immediately following the Loan Conversion</i> |   | <i>Immediately following the Share Buyback</i> |   |
|---------------------------------|--|---|--|---|--|---|--|---|
|                                 | <i>Number of Ordinary Shares</i>       | <i>Percentage of issued share capital</i> | <i>Number of Ordinary Shares</i>             | <i>Percentage of issued share capital</i> | <i>Number of Ordinary Shares</i>                 | <i>Percentage of issued share capital</i> | <i>Number of Ordinary Shares</i>               | <i>Percentage of issued share capital</i> |
| Edward Le Bas Ltd*              | 1,180,789                              | 18.6%                                     | 14,180,789                                   | 73.3%                                     | 49,180,789                                       | 90.5%                                     | 49,180,789                                     | 97.4%                                     |
| Le Bas Investment Trust Limited | 812,028                                | 12.8%                                     | 812,028                                      | 4.2%                                      | 812,028  | 1.5%                                      | 812,028  | 1.6%                                      |
| Redmayne (Nominees) Limited**   | 385,000                                | 6.1%                                      | 385,000                                      | 2.0%                                      | 385,000  | 0.7%                                      | 385,000  | 0.8%                                      |
| Minnowdown Limited***           | 110,734                                | 1.7%                                      | 110,734                                      | 0.6%                                      | 110,734  | 0.2%                                      | 110,734  | 0.2%                                      |
| <b>Total</b>                    | <b>2,488,551</b>                       | <b>39.2%</b>                              | <b>15,488,551</b>                            | <b>80.0%</b>                              | <b>50,488,551</b>                                | <b>92.9%</b>                              | <b>50,488,551</b>                              | <b>100.0%</b>                             |

\*Wholly owned by Le Bas Investment Trust Limited.

\*\*The Pension and Assurance Scheme of Edward Le Bas Limited.

\*\*\*Wholly owned by Mark Harrison who is a director of Le Bas Investment Trust.

### ***Waiver of Rule 9 of the Takeover Code***

The Company applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit Le Bas to subscribe for 8,000,000 Ordinary Shares pursuant to the Subscription and up to 5,000,000 Ordinary Shares pursuant to the Open Offer and its undertaking to subscribe for all Open Offer Shares not taken up by Qualifying Shareholders (which assumes Qualifying Shareholders do not take up any of their Entitlements) and in addition, permit the Company and Le Bas to convert the Le Bas Loan from debt to equity pursuant to the Loan Conversion and implement the Proposed Share Buyback of up to 3,862,901 Ordinary Shares, without triggering an obligation on the part of the Concert Party, or any member of the Concert Party, to make a mandatory general offer for the Company. The Panel has agreed, subject to the Whitewash Resolution being passed on a poll of Independent Shareholders, to waive the requirement for the Concert Party, or any member of the Concert Party, to make a general offer to all Shareholders where such an obligation would arise as a result of Le Bas subscribing for new Ordinary Shares pursuant to the Fundraising, implementation of the Loan Conversion or the Proposed Share Buyback.

In the event that the waiver by the Panel is approved by Independent Shareholders passing the Whitewash Resolution at the EGM, on completion of the Fundraising, depending on participation in the Open Offer by Qualifying Shareholders, the Concert Party's interest in the Company will increase, in aggregate, to a maximum of 80.0 per cent. of the enlarged share capital following the issue of the Subscription Shares and the Open Offer Shares pursuant to the Fundraising. On completion of the Loan Conversion and implementation of the Proposed Share Buyback, the Concert Party's interest in the Company would increase to a maximum of 100%, assuming that the Le Bas Loan is converted in its entirety and there is full take up of the Proposed Share Buyback. **Following completion of the Fundraising, Loan Conversion and the Proposed Share Buyback the Concert Party will, between them, be interested in Ordinary Shares carrying more than 50 per cent. of the voting rights of the Company and will be able to increase its holding in the Company without incurring an obligation under Rule 9 to make a mandatory offer to the other Shareholders, although individual members of the Concert Party are not able to increase their individual interests in Ordinary Shares through or between a Rule 9 threshold without Panel consent.**

If the Resolutions are approved at the EGM, the Concert Party will not be restricted from making an offer for the Company unless the Concert Party either makes a statement that it does not intend to make an offer or enters into an agreement with the Company not to make an offer. No such statement has been made or agreement entered into as at the date of this Document.

### ***Intentions of the Concert Party***

The Company has made Le Bas aware that should the Company's trading be in line with the Board's current forecasts there is a strong probability that the asset cover required in the Le Bas Loan agreement will be breached. As a condition to Le Bas agreeing to participate in the Fundraising, Le Bas has required that all of the Le Bas Loan be converted into new Ordinary Shares in the capital of the Company pursuant to the Loan Conversion. This will enable the Company to benefit from reduced interest payments and provide potential security for third party lending should this be required in the future. Le Bas will finance its participation in the Fundraising from existing cash resources and banking facilities.

Whilst the timing of the Loan Conversion and the quantum of the Le Bas Loan to be converted have yet to be fully determined, the conversion price has been agreed between Le Bas and the Company at 20p per new Ordinary Share. In the event that the Le Bas Loan, the balance of which is £7,000,000 as at the Latest Practicable Date, is fully converted following the Fundraising, the Concert Party will own in excess of 90% of the issued share capital of the Company.

Mindful of the gravity of the Company's cash position, the Board has already commenced a cost saving programme. Le Bas would aim to support this post completion of the transaction by transferring certain costs and personnel into the wider Le Bas group, where they will be deployed to support the Company and other Le Bas operations. This may result in a change in employer from the Company to Le Bas for a limited number of largely administrative personnel.

In addition, as set out elsewhere in this document, following completion of the Fundraising, the Company and Le Bas intend to convert all or part of the Le Bas Loan into new Ordinary Shares in the

Company. In the event that the Le Bas Loan is converted in full into new Ordinary Shares in the capital of the Company, Le Bas estimates that the Company will save costs in interest and debt repayments equivalent to approximately £1 million per annum.

Le Bas also notes that as the Company has now completed its de-listing from the standard segment of the Official List, it will not going forwards incur certain costs, including advisory fees, that are required as a result of the standard listing.

Following completion of the Fundraising and the Loan Conversion, save as described above, the Company's business will be continued in the same manner as it is at present. The Concert Party has confirmed that it has no intention to change the Company's plans with respect to:

- i. the Company's future business (including the Company's intentions for its research and development functions);
- ii. the continued employment of the employees and management of the Company, including any material change in conditions of employment or in the balance of the skills and functions of the employees and management;
- iii. its strategic plans for the Company, or their likely repercussions on employment or the locations of the Company's places of business, including on the location of the Company's headquarters and headquarters functions;
- iv. employer contributions into any pension scheme(s), the accrual of benefits for existing members, or the admission of new members; or
- v. the redeployment of the fixed assets of the Company.

No changes will be introduced to any members of the Concert Party's business as a result of completion of the Fundraising (including intentions for the Concert Party's employees and management, including material changes in conditions or balance of skills and functions) and there will be no repercussions on the location of any member of the Concert Party's place of business, headquarters or headquarters functions.

## **9. Current trading and prospects**

The following wording is extracted without adjustment from the trading statement released by the Company on 27 July 2020:

"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."

Current trading has seen some slippage from post COVID expectations. There have been no significant contracts cancelled, but the timing of the projects has been delayed. Following the announcement of 15 September 2020 of the Company's intention to delist, the Board has carried out a further review of expected cash flow forecasts. This review has revealed that Company's already fragile forecast financial position is now expected to be worse than had previously been envisaged. The Government has now imposed a further set of COVID related restrictions, which for business will most surely result in a setback to the small recovery in confidence that was underway, and there is continued uncertainty surrounding Brexit and the possibility of leaving the EU without an agreement. The Board therefore sees the passing of the resolutions to effect the Transactions as essential to the survival of the Company going forward.

## **10. Irrevocable undertakings**

Christopher Palmer-Tomkinson has given an irrevocable undertaking to the Company to procure that the registered holders, in respect of his entire beneficial holding totalling, in aggregate, 180,000 Existing Ordinary Shares, representing approximately 2.80 per cent. of the Existing Ordinary Share Capital will vote in favour of the Resolutions.

David Redhead has given an irrevocable undertaking to the Company to procure that the registered holders, in respect of his entire beneficial holding totalling, in aggregate, 3,000 Existing Ordinary Shares, representing approximately 0.05 per cent. of the Existing Ordinary Share Capital will vote in favour of the Resolutions.

In total, therefore, the Company has received irrevocable undertakings to vote in favour of the Resolutions from certain Shareholders in respect of holdings totalling, in aggregate, 183,000 Existing Ordinary Shares, representing approximately 2.85 per cent. of the Existing Ordinary Share Capital.

## **11. EGM**

You will find set out at the end of this Document a notice convening the EGM to be held at Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk, IP6 0NL on 27 November at 11.00 a.m. at which the following resolutions will be proposed as ordinary or special resolutions as indicated below:

1. to approve the Rule 9 Waiver (ordinary resolution) (the Whitewash Resolution);

2. to authorise the Directors to allot the New Ordinary Shares for the purposes of the Fundraising and the Loan Conversion (ordinary resolution);
3. to approve the Proposed Share Buyback (ordinary resolution); and
4. (i) to waive the statutory pre-emption rights in respect of the allotment of equity securities pursuant to the Fundraising and the Loan Conversion, (ii) revoke the authorised share capital provision contained in Paragraph 6 of the Company's memorandum of association, and (iii) amend the articles of association of the Company by the replacement of article 1 A) with the following:

**“SHARE CAPITAL**

The share capital of the Company is divided into Ordinary Shares of 10p each.”

(special resolution).

Resolution 1 seeks Independent Shareholders' approval of a waiver of the obligations that could arise for the Concert Party to make a general offer for the entire issued share capital of the Company that it does not already own as a result of the Concert Party's participation in the Fundraising, the Loan Conversion and the Proposed Share Buyback. This resolution will need to be approved by way of a poll of Independent Shareholders. As set out above, the Concert Party is not entitled to vote on the Whitewash Resolution.

Resolution 2 authorises the Directors to allot new Ordinary Shares in connection with the Fundraising and the Loan Conversion in accordance with section 551 of the Act. The authority granted by the resolution will expire on 27 November 2021.

Resolution 3 authorises the Directors to effect the Proposed Share Buyback subject to formal approval of a buyback contract in accordance with the requirements of the Companies Act once the sellers of Ordinary Shares are identified.

Resolution 4 will give the Directors power, pursuant to the authority to allot granted by Resolution 2, to allot the new Ordinary Shares for cash otherwise than on a pre-emptive basis to the Company's Shareholders. The authority granted by the resolution will expire on 27 November 2021. Resolution 4 will also (i) revoke the authorised share capital provision contained in Paragraph 6 of the Company's memorandum of association, and (ii) amend the articles of association of the Company by the replacement of article 1 A) to remove the authorised share capital provision as set out above.

## **12. Action to be taken in respect of the EGM**

**Completed Forms of Proxy or proxy appointment and voting instruction forms must be received as soon as possible and in any event not later than 11.00 a.m. on 25 November 2020.**

**You may request a hard copy proxy form directly from the registrars, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6AH, United Kingdom.**

**If you need help with voting by proxy online or require a paper proxy form to be sent to you, please contact our registrars, Computershare Investor Services PLC, on 0370 707 1339 or if calling from outside the UK on +44 370 707 1339. Lines are open between 08:30 - 17:30, Monday to Friday excluding public holidays in England and Wales.**

**Whilst nominating a proxy would not ordinarily preclude Shareholders from attending, speaking and voting in person at the EGM should they so wish, Shareholders are reminded that to do so would breach the Government's Stay at Home Measures in relation to the containment and control of COVID-19. Should any Shareholder attempt to attend the EGM in person, they will be denied entry.**

**Following the compulsory COVID-19 'Stay at Home Measures' imposed by the UK Government prohibiting, amongst other things, all non-essential travel and large public gatherings, the Board will be implementing the following measures in respect of the EGM:**

- **We expect only the Chairman and two Shareholder Directors to be in attendance in person at the venue for quorum purposes to conduct the business of the meeting.**

- Shareholders will not be permitted to attend the EGM and, if they attempt to do so, will be refused entry to the meeting in line with the Stay at Home Measures.
- Relevant questions related to the EGM from shareholders can be raised in advance of the EGM and, in so far as is relevant to the business of the meeting, will be responded to by email and taken into account as appropriate at the EGM itself.
- Voting at the EGM will be carried out by way of poll so that votes cast in advance and the votes of all shareholders appointing the Chairman of the meeting as their proxy can be taken into account.
- The results of the EGM will be announced as soon as practicable after it has taken place.

In light of the Coronavirus pandemic, Shareholders are urged to appoint the chairman of the meeting as his or her proxy as, given current Government advice on social gatherings in particular, attendance in person is not advised and members and their proxies shall be refused entry if circumstances permit or require. The Company is actively following developments and will issue further information through an RIS and/or on its website at <https://tex-holdings.co.uk/announcements/> if it becomes necessary or appropriate to make any alternative arrangements for the EGM.

### **13. Intention of Directors in relation to the Open Offer**

None of the Directors of the Company will be taking up their entitlements in the Open Offer nor will they be offering their Ordinary Shares for repurchase under the Proposed Share Buyback.

### **14. Additional information**

Your attention is drawn to the risk factors set out in Part II of this Document. Shareholders are advised to read the whole of this Document and not rely solely on the summary information presented in this letter. Details of the actions to be taken if you wish to subscribe for Open Offer Shares are provided in paragraph 3 of Part III of this Document.

### **15. Independent advice provided to the Board**

The Takeover Code requires the Board to obtain competent independent advice regarding the merits of the transaction which is the subject of the Whitewash Resolution, the controlling position which it will create, and the effect which it will have on the Shareholders generally. The Board has appointed WH Ireland Limited to provide it with competent independent advice as required pursuant to the Takeover Code.

Accordingly, WH Ireland Limited has provided formal advice to the Board regarding the Fundraising and the Rule 9 Waiver. WH Ireland Limited confirms that it is independent of the Concert Party.

### **16. Recommendation**

The Independent Directors, who have been so advised by WH Ireland Limited, consider the Fundraising, the Loan Conversion, the Proposed Share Buyback and the Rule 9 Waiver to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. Accordingly, the Independent Directors unanimously recommend that Independent Shareholders vote in favour of the Whitewash Resolution to be proposed at the EGM as they intend so to do in respect of their beneficial shareholdings amounting to, in aggregate, 183,000 Ordinary Shares, representing approximately 2.85 per cent. of the Existing Ordinary Shares. In providing advice to the Independent Directors, WH Ireland Limited has taken into account the commercial assessments of the Independent Directors.

The Independent Directors consider the Fundraising, the Loan Conversion and the Proposed Share Buyback to be fair and reasonable and in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend that Shareholders vote in favour of the Fundraising and Loan Conversion Resolutions and the Proposed Share Buyback Resolution to be proposed at the EGM. Accordingly, the Independent Directors unanimously recommend Shareholders to vote in favour of the Fundraising and Loan Conversion Resolutions as they intend so to do in respect of their beneficial

**shareholdings amounting to, in aggregate, 183,000 Ordinary Shares, representing approximately 2.85 per cent. of the Existing Ordinary Shares.**

Yours faithfully

G.C. Gray

**Chairman**

*For and on behalf of the Independent Directors*

## PART II

### RISK FACTORS

THE FUNDRAISING IS CONDITIONAL UPON, AMONG OTHER THINGS, THE APPROVAL OF THE WHITEWASH RESOLUTION BY THE INDEPENDENT SHAREHOLDERS AND THE APPROVAL OF THE FUNDRAISING AND LOAN CONVERSION RESOLUTIONS AND THE PROPOSED SHARE BUYBACK RESOLUTION BY THE SHAREHOLDERS. IN THE EVENT THAT ANY CONDITION TO WHICH THE FUNDRAISING IS SUBJECT IS NOT SATISFIED OR, IF CAPABLE OF WAIVER, WAIVED, THE FUNDRAISING WILL NOT OCCUR. IF THE FUNDRAISING DOES NOT COMPLETE, THE COMPANY WILL HAVE VERY LIMITED WORKING CAPITAL AND IT IS UNLIKELY THAT IT WILL BE ABLE TO CONTINUE TO TRADE AS A GOING CONCERN AND IT IS HIGHLY LIKELY THAT THE DIRECTORS WOULD NEED (IN ORDER TO FULFIL THEIR DUTIES TO THE COMPANY'S CREDITORS AND TO OTHER APPLICABLE STAKEHOLDERS) TO PLACE THE COMPANY INTO ADMINISTRATION FORTHWITH (OR AS SOON AS IS PRACTICABLE) FOLLOWING THE EGM. IT IS NOT ANTICIPATED THAT THERE WOULD BE ANY RETURN TO SHAREHOLDERS FROM SUCH AN ADMINISTRATION.

Investors should be aware of the risks associated with an investment in the Company. An investment in the Company may not be suitable for all recipients of this Document. Investors are therefore strongly recommended to consult an investment adviser under the FSMA, who specialises in advising on this type of investment.

A prospective investor should carefully consider whether an investment in the Company is suitable in the light of their personal circumstances and the financial resources available to them.

Accordingly, when evaluating whether to invest in the Company, prospective investors should carefully consider the risks described below. If any of the following risks were to materialise, the Company's business, financial condition, results, prospects and/or future operations could be materially adversely affected. In such case, the market price of the Company's shares might decline and an investor might lose all or part of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have a material adverse effect upon the Company. No inference ought to be drawn from the order in which the following risk factors are presented as to their relative importance or potential effect.

#### 1. Risks relating specifically to the Company

##### ***Economic and political environment***

The continued or residual effects of the global economic downturn, or other national or market trends or new developments in infrastructure expenditure or procurement, may cause existing or future projects to be postponed, reduced or changed, which may impact the Group's strategy, business model, revenue or profitability. Certain Group businesses will be dependent on governments' policies with regard to investment in civil and social infrastructure, most notably in the transport, public utility, secure establishment and defence sectors through direct government contracts, joint ventures and public-private partnerships. If there are changes in governmental policies, the Group may be unable to maintain existing levels of work or levels of profitability in relation thereto.

##### ***Supply Chain***

At an operational and strategic level, the Company ensures that it develops close relationships with its customers and its suppliers. By doing this, it is in a position to understand the changing nature of sourcing and supply chain strategy quickly and respond accordingly to any risks that this might pose to the Company.

##### ***Competition***

The Company ensures that it is constantly monitoring its competitive environment in order to respond to competitive pressures as well as taking advantage of any opportunities that are presented to it. Regular reviews of market intelligence ensure that the Company manages its competition risk.

### ***Operational***

A focus on operational improvement ensures that the Company's products remain reliable and of the highest quality. Recruiting, retaining, developing and motivating staff also continue to be a key priority for the Company. With operational performance being such a high priority for the Company, risks are identified and managed on a regular basis.

### ***Environmental***

The Company reviews the risk that its activities place on the environment through the promotion of green initiatives.

### ***Foreign currency risk***

Certain purchases and sales are made in foreign currencies. Foreign exchange differences on retranslation of foreign currency assets and liabilities are taken to the Company profit or loss.

### ***Credit risk***

The Company trades with only recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

### ***Other non-financial risks***

The Company supplies products to a large number of customers and works with a number of key suppliers. Successful management of this process is key to delivering the results of the Company. This is also underpinned by retention and training of our staff to ensure that our knowledge and skills are maintained.

### ***Future performance of the Company cannot be guaranteed***

There is no certainty and no representation or warranty is given by any person that the Company will be able to achieve any returns referred to in this document. The financial operations of the Company may be adversely affected by general economic conditions or by the particular financial condition of other parties doing business with the Company.

### ***Following completion of the Fundraising, dependent on the take up of the Open Offer by Qualifying Shareholders, the Concert Party will directly or indirectly control up to a maximum of 80.0 per cent. of the voting rights in the Company and it may conflict with the interests of other investors***

This level of voting power means that the Concert Party will exercise substantial control over the Company and have the power to influence resolutions passed by the Company. The interests of the Concert Party may not be the same as the interests of minority Shareholders or investors in the Company. The Concert Party may make decisions which may have an adverse effect on the value of investments in Ordinary Shares and/or on the business operations of the Group.

Following completion of the Fundraising the Concert Party will be free to acquire additional shares without making a general offer to Shareholders in accordance with Rule 9 of the Code. Le Bas has agreed with the Company that it has the right to convert some or all of the Le Bas loan into equity at 20 pence per share. In the event that all of the outstanding loan balance is so converted, the Concert Party will own greater than 92.9 per cent. of the issued share capital of the Company.

### ***Law, regulation and legal proceedings***

The jurisdictions in which the Group operates impose a number of complex, demanding and evolving legal, administrative and regulatory requirements which relate to, among other matters, criminal and civil laws, tax laws, planning, developing, building, land use, fire, health and safety, environment, competition and employment. These requirements often provide broad discretion to the administering authorities in relation to enforcement. Violations of or changes in relevant law, regulations or policies, or the

interpretation thereof, or delays in such interpretations being delivered, may delay or increase the cost of ongoing projects.

## **2. General industry risks**

### ***General economic conditions***

Market conditions may affect the value of the Company's share price regardless of operating performance. The Company could be affected by unforeseen events outside its control, including natural disasters, terrorist attacks and political unrest and/or government legislation or policy in the UK and abroad. General economic conditions may affect interest rates and inflation rates. Movements in these rates will have an impact on the Company's cost of raising and maintaining debt financing. Similarly, general economic conditions will impact on the Company's customers, impacting on the Company's ability to win new business and the potential recoverability of amounts owed.

A more prolonged economic downturn may lead to an overall decline in the volume of the Company's revenues, restricting the Company's ability to realise a profit. The markets in which the Company offers its products and services are directly affected by many national and international factors that are beyond the Company's control.

### ***Taxation***

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders. Any statements in this Document concerning the taxation of investors in Ordinary Shares are based on current UK tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

### ***Brexit risk***

On 23 June 2016, the United Kingdom held a referendum on the United Kingdom's continued membership of the European Union. This resulted in a vote for the United Kingdom to exit the European Union. There are significant uncertainties in relation to the terms and the timeframe within which such an exit would be effected, and there are significant uncertainties as to what the impact will be on the fiscal, monetary and regulatory landscape in the UK, including *inter alia*, the UK's tax system, the conduct of cross-border business and export and import tariffs. There is also uncertainty in relation to how, when and to what extent these developments will impact on the economy in the United Kingdom and the future growth of its various industries and on levels of investor activity and confidence, on market performance and on exchange rates. There is also a risk that the vote by the United Kingdom to leave could result in other member states re-considering their respective membership of the European Union. Although it is not possible to predict fully the effects of the exit of the United Kingdom from the European Union, any of these risks, taken singularly or in the aggregate, could have a material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

### ***COVID-19***

The recent COVID-19 outbreak could have an adverse effect on the Group's business. Concerns are rapidly growing about the global outbreak of COVID-19. The virus has spread rapidly across the globe, including in the continents of Europe and North America. The pandemic is having an unprecedented impact on the global economy as the respective levels of government react to this public health crisis, which has created significant uncertainties. As the pandemic continues to grow, consumer fears about becoming ill with the virus and recommendations and/or mandates from authorities to avoid large gatherings of people or self-quarantine may continue to increase, which has already affected, and may continue to affect aggregate energy consumption and economic activity generally. The extent of the impact of the pandemic on the Group's business, results of operations, financial condition or prospects will depend largely on future developments, including the duration of the spread of the outbreak, the impact on capital and financial markets and the related impact on consumer behavior, all of which are highly uncertain and cannot be predicted. This situation is changing rapidly, and additional impacts may arise that the Group is not aware of currently.

### **3. Risks relating to an investment in Ordinary Shares**

#### ***Dilution***

Regardless of whether a Qualifying Shareholder takes up his/her/its entitlements under the Open Offer, the effect of the Subscription and any debt to equity conversion of the Le Bas Loan will be a reduction of his/her/its proportionate ownership and voting interests in the Company. Shareholders will experience greater dilution in their ownership of, and voting interests in, the Company to the extent they do not subscribe in full for their Basic Entitlements. Those Shareholders in a Restricted Jurisdiction, subject to certain exceptions, will in any event not be able to participate in the Open Offer.

#### ***Realisation of investment***

Potential investors should be aware that the value of shares and income from these shares can go down as well as up. The shares in the capital of the Company are not admitted to trading on AIM or the Official List and no such application is being made for admission of the New Ordinary Shares to AIM or the Official List. Issue of the New Ordinary Shares should not be taken as implying that there will be a liquid market in the Ordinary Shares. An investment in the New Ordinary Shares may thus be difficult to realise.

#### ***Implementation of the Share Buyback***

The Board has every intention to implement the Share Buyback however the mechanism by which it is achieved is still to be determined and subject to considerations on structure and timing.

#### ***Dilution of shareholders' interest as a result of additional equity fundraising***

The Company may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the business, new developments relating to existing operations or acquisitions. If additional funds are raised through the issue of new equity or equity-linked securities of the Company, other than on a *pro rata* basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares. The Company may be unable to obtain additional financing on acceptable terms or at all if market and economic conditions, the financial condition or operating performance of the Company or investor sentiment (whether towards the Company in particular or towards the market sector in which the Company operates) are unfavourable. The Company's inability to raise additional funding on terms acceptable to it may hinder its ability to grow in the future or to maintain its existing levels of operation.

#### ***Market perception***

Market perception of the Company may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds by the issue of new Ordinary Shares or otherwise.

#### ***Ability to pay future dividends***

The Company's ability to pay dividends in the future is dependent upon the extent that it has distributable reserves and cash available for this purpose. The Company can give no assurance to Shareholders that it will pay dividends in the future.

**Investors should consider carefully whether an investment in Tex is suitable for them in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.**

**This list should not be considered an exhaustive statement of all potential risks and uncertainties.**



## PART III

### DETAILS OF THE OPEN OFFER

#### 1. Introduction

The Open Offer has been structured so as to allow Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price *pro rata* to their existing holdings.

However, other than in the case of the Concert Party, applications will be rejected if and to the extent that acceptance would result in the Qualifying Shareholder, together with those acting in concert with him/her/it for the purposes of the City Code, holding 30 per cent. or more of the enlarged share capital of the Company immediately following the issue of the Subscription Shares and the Open Offer Shares.

The Open Offer Shares to be issued pursuant to the Open Offer will rank *pari passu* in all respects with the Existing Ordinary Shares.

**Open Offer Shares not applied for under the Open Offer will not be sold for the benefit of those who do not apply under the Open Offer. Any Open Offer Shares which are not applied for by Qualifying Shareholders under the Open Offer will be subscribed for by Le Bas.** The Open Offer is not conditional upon the level of applications made to subscribe under the Open Offer or upon any minimum level of proceeds being raised. For the purposes of section 578 of the Companies Act, the Open Offer is being made on the basis that the Open Offer Shares subscribed for will be allotted in any event. Accordingly, even if the Open Offer is not fully subscribed, Open Offer Shares will be issued to Qualifying Shareholders who have validly applied for Open Offer Shares (subject to the terms and conditions set out in this Document and the Application Form).

#### 2. The Open Offer

Tex hereby invites each Qualifying Shareholder, on the terms and subject to the conditions set out herein (and, for Qualifying non-CREST Shareholders, in the accompanying Application Form), to apply to subscribe, at 20 pence per Open Offer Share (payable in full on application and free of all expenses), for any number of Open Offer Shares (subject to the limit of the number of Shares that can be applied for using the Application Facility), being:

##### **1 Open Offer Share for every 1.2702904 Qualifying Shares**

registered in the name of each Qualifying Shareholder on the Record Date and so on in proportion to any other number of Qualifying Shares then held (rounded down to the nearest whole number of Open Offer Shares). Valid applications by Qualifying Shareholders will be satisfied in full up to their Entitlements.

The Entitlement, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Shares shown in Box B of the Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Entitlements standing to the credit of their stock account in CREST. Qualifying CREST Shareholders will have their Entitlements credited to their stock accounts in CREST and should refer to paragraphs 2, 3 and 8 of this Part III and also to the CREST Manual for further information on the relevant CREST procedures. Entitlements have been rounded down to the nearest whole number of Ordinary Shares and any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Entitlements. Qualifying Shareholders with fewer than 2 Qualifying Shares will not be able to apply for Open Offer Shares.

Qualifying Shareholders may apply to acquire less than their Entitlement should they so wish.

**Holdings of Qualifying Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Entitlements, as will holdings under different designations and in different accounts.**

The aggregate number of Ordinary Shares available for subscription pursuant to the Open Offer is 5,000,000 Ordinary Shares.

The Open Offer is conditional, amongst other things, upon the passing of the Fundraising Loan Conversion Resolutions and the Whitewash Resolution at the EGM (or any adjournment thereof). If any of the conditions are not satisfied, the Open Offer Shares will not be issued.

Accordingly, if any of these conditions are not satisfied or waived (where capable of waiver) by 31 December 2020 (or such later date as the Company may determine), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter. Revocation of applications for Open Offer Shares cannot occur after dealings have begun.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form within 10 Business Days of Issue. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST on 2 December 2020.

All monies received by the Receiving Agent in respect of Open Offer Shares will be held in a separate non-interest-bearing bank account.

If for any reason it becomes necessary to adjust the expected timetable as set out in this Document, the Company will make an appropriate announcement to a RIS giving details of the revised dates.

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying non-CREST Shareholders should also note that the Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Entitlements will be credited to CREST and be enabled for settlement, applications in respect of Entitlements may only be made by the Qualifying Shareholder originally entitled. Open Offer Shares not applied for by Qualifying Shareholders under their Entitlements will not be sold for the benefit of those who do not apply under the Open Offer. Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer. Any Open Offer Shares which are not applied for by Qualifying Shareholders under the Open Offer will be subscribed for by Le Bas.**

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares. All such Open Offer Shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Entitlements to be admitted to CREST where Existing Ordinary Shares are already admitted to CREST and/or Qualifying Shareholders elect for them to be so admitted to CREST. The conditions for such admission having already been met, the Entitlements are expected to be admitted to CREST with effect from 4 November 2020.

The Open Offer Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer. Overseas Holders are referred to the section entitled "Overseas Holders" set out in paragraph 6 of this Part III.

The Existing Ordinary Shares are not traded on any exchange. The Open Offer Shares will also be in registered form, will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares will be issued only pursuant to the Open Offer and will not otherwise be marketed or made available in whole or in part to the public.

The proceeds of the Open Offer will be approximately £1.0 million before expenses (on the basis that the Open Offer is taken up in full). The Open Offer Shares will represent approximately 25.8 per cent. of the enlarged share capital following the issue of the Subscription Shares and the Open Offer Shares pursuant to the Fundraising.

### **3. Procedure for application and payment**

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has an Application Form in respect of his, her or its Entitlement or a Qualifying Shareholder has his, her or its Entitlement credited to his, her or its CREST stock account. Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form. Qualifying Shareholders who hold all or part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form.

However, it will be possible for Qualifying Shareholders to deposit Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 3.2(g) of this Part III. CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

**Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Shareholders are, however, encouraged to vote at the EGM.**

### **3.1 If you have an Application Form in respect of your entitlement under the Open Offer**

#### *(a) General*

Subject as provided in paragraph 6 of this Part III in relation to Overseas Holders, Qualifying non-CREST Holders will have received an Application Form with this Document. The Application Form shows the number of Qualifying Shares registered in their name on the Record Date in Box A. It also shows the maximum number of Open Offer Shares for which they are entitled to apply under the Entitlements, as shown by the Entitlement allocated to them set out in Box B. Box C shows how much they would need to pay if they wish to take up their Entitlement in full. Qualifying non-CREST Shareholders wishing to take up their Entitlement in full should sign, date and return the Application Form together with a pound sterling cheque (duly endorsed) for the sum set out in Box C of the Application Form.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying non-CREST Shareholders' Entitlements. Any Qualifying non-CREST Shareholders with fewer than 2 Qualifying Shares will not receive an Entitlement. Qualifying non-CREST Shareholders may apply for less than their Entitlement should they wish to do so. Qualifying non-CREST Shareholders wishing to apply for Open Offer Shares representing less than their Entitlement may do so by completing Boxes D and E of the Application Form.

The instructions and other terms set out in the Application Form part of the terms of the Open Offer.

#### *(b) Application procedures*

Qualifying non-CREST Holders wishing to apply to acquire all or any of the Open Offer Shares to which they are entitled should complete the Application Form in accordance with the instructions printed on it. Completed Application Forms should be posted in the accompanying reply paid envelope (for use only in the UK) with a cheque drawn in Sterling on a bank or building society in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques to be cleared through the facilities provided for members of either of those companies.

**Cheques should be drawn on the personal account to which the Shareholder has sole or joint title. Third party cheques will not be accepted with the exception of bankers' drafts/building society cheques where the bank or building society has endorsed the back of the draft or cheque by adding the shareholder's details and the branch stamp.** Such cheques must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application.

Applications must be received by Computershare Investor Services PLC (at the address detailed above) no later than 11.00 a.m. on 26 November 2020, after which time, subject as set out in this paragraph, Application Forms will not be valid. Once submitted, applications are irrevocable. If an Application Form is being sent by post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery. Cheques should be made payable to "CIS PLC re Tex Holdings Plc Open Offer" and crossed "A/C Payee Only". It is a condition of application that cheques will be honoured on first presentation and Tex may in its absolute discretion elect not to treat as valid any application in respect of which a cheque is not so honoured. Tex reserves the right in its sole discretion to (but shall not be obliged to) treat an Application Form as valid and binding on the person by whom

or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. Tex further reserves the right (but shall not be obliged) to accept either Application Forms received after 11.00 a.m. on 26 November 2020 but not later than 8.00 a.m. on 27 November 2020 with the envelope bearing a legible postmark not later than 11.00 a.m. on 26 November 2020 or applications in respect of which remittances are received before 11.00 a.m. on 26 November 2020 from authorised persons (as defined in the FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days. Multiple applications will not be accepted.

Cheques will be presented for payment upon receipt. Post-dated cheques will not be accepted. If they are presented before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate bank account until the conditions are fully met. If the conditions of the Open Offer are not fulfilled on or before 8.00 a.m. on 27 November 2020, or such later time and/or date as Tex may determine (being no later than 8.00 a.m. on 31 December 2020), the Open Offer will lapse and all application monies will be returned without interest by crossed cheque in favour of the registered shareholder(s) through the post at their risk as soon as is practicable after that date. Interest earned on monies held in the separate bank account will be retained for the benefit of the Company.

*(c) Effect of application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company and the Receiving Agent that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non- discretionary basis;
- (ii) confirms to the Company that in making the application he is not relying and has not relied on the Company or any other person affiliated with the Company (as appropriate) in connection with any investigation of the accuracy of any information contained in this Document or his investment decision;
- (iii) confirms to the Company that no person has been authorised to give any information or to make any representation concerning the Company or the Open Offer Shares (other than as contained in this Document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company;
- (iv) requests that the Open Offer Shares to which he, she or it will become entitled be issued to him, her or it on the terms set out in this Document and subject to the articles of association of Tex;
- (v) agrees that all applications under the Open Offer and contracts resulting therefrom, shall be governed by and construed in accordance with the laws of England;
- (vi) represents and warrants that he, she or it is not, and that he, she or it is not applying on behalf of any Shareholder who or which is, a citizen or resident or a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he, she or it is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of the application to, or for the benefit of a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of a Restricted Jurisdiction except where proof satisfactory to Tex has been provided to Tex that he, she or it is able to accept the invitation by Tex free of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise

prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (vii) represents and warrants that he, she or it is not and nor is he, she or it applying as nominee or agent for a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (viii) confirms that in making such application he, she or it is not relying on any information in relation to Tex other than that contained in this Document and agrees that no person responsible solely or jointly for this Document or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that having had the opportunity to read this Document, he, she or it will be deemed to have had notice of all the information concerning Tex contained therein; and
- (ix) represents and warrants that he, she or it is the Qualifying Shareholder originally entitled to the relevant Entitlement.

Should you need advice with regard to these procedures, please contact Computershare Investor Services PLC on 0370 707 1339 or if calling from outside the UK on +44 370 707 1339. Calls may be recorded and monitored randomly for security and training purposes. Computershare Investor Services PLC cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

Qualifying non-CREST Holders who do not wish to apply for Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.

Qualifying non-CREST Holders are, however, encouraged to vote at the EGM.

### **3.2 If you have Entitlements credited to your stock account in CREST**

#### **(a) General**

Subject as provided in paragraph 6 of this Part III in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his, her or its stock account in CREST equal to the number of Open Offer Shares which represents his, her or its Entitlement. Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Entitlement. Any Qualifying CREST Shareholders with fewer than 2 Existing Ordinary Shares will not receive an Entitlement.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Entitlements have been allocated. If for any reason the Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying CREST Shareholders cannot be credited, by 2 December 2020, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Entitlements which should have been credited to his, her or its stock account in CREST. In these circumstances, the expected timetable as set out in this Document will be adjusted as appropriate and the provisions of this Document applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlement to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below.

Should you need advice with regard to these CREST procedures, please contact Computershare Investor Services PLC on 0370 707 1339 or if calling from outside the UK on +44 370 707 1339, where relevant. Calls may be recorded and monitored randomly for security and training purposes. Computershare Investor Services PLC cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) *USE instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Entitlement in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Registrars under the participant ID and member account ID specified below, with an Entitlement corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Registrars in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 3.2(d)(i) above.

(c) *Content of USE instruction in respect of Basic Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of shares comprised in the Entitlement being delivered to Computershare Investor Services PLC Registrars);
- (ii) the ISIN of the Entitlement, which is GB00BMH57L16;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;
- (v) the participant ID of Computershare Investor Services PLC in its capacity as a CREST receiving agent, which is 8RA33;
- (vi) the member account ID of Computershare Investor Services PLC in its capacity as a CREST receiving agent, which is TEXOPENO;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 26 November 2020; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 26 November 2020.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (1) a contact name and telephone number (in the free format shared note field); and
- (2) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 26 November 2020 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 27 November 2020 or such later time and date as the Company may determine (being no later than 8.00 a.m. on 31 December 2020), the Open Offer will lapse, the Entitlements admitted to CREST will be disabled and the Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

(d) *Deposit of Entitlements into, and withdrawal from, CREST*

A Qualifying non-CREST Holder's Entitlement as set out in his, her or its Application Form may be deposited into CREST (into the account of the Qualifying Holder named in the Application Form). Similarly, Entitlements held in CREST may be withdrawn from CREST so that the entitlement under Entitlements are reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the Entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Entitlement following its deposit into CREST to take all necessary steps in connection with taking up his, her or its entitlement prior to 11.00 a.m. on 20 November. In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Entitlements from CREST, is 4.30 p.m. on 20 November 2020, and the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Entitlements in CREST is 3.00 p.m. on 23 November 2020, in either case so as to enable the person acquiring or (as appropriate) holding the Entitlement following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Entitlement be prior to 11.00 a.m. on 26 November 2020.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to Tex and Computershare Investor Services PLC by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing the entitlements under the Open Offer into CREST" on page 3 of the Application Form, and a declaration to Tex and Computershare Investor Services PLC from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law.

(e) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 26 November 2020 will constitute a valid application under the Open Offer.

(f) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his, her or its CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 26 November 2020. In this connection, CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(g) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, Tex, through Computershare Investor Services PLC, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question without payment of interest;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question without payment of interest; and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question, without payment of interest.

(h) *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Computershare Investor Services PLC's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to Tex the amount payable on application);
- (ii) represents and warrants to the Company that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non- discretionary basis;
- (iii) confirms to the Company that in making the application he is not relying and has not relied on the Company or any other person affiliated with the Company (as appropriate) in connection with any investigation of the accuracy of any information contained in this Document or his investment decision;
- (iv) confirms to the Company that no person has been authorised to give any information or to make any representation concerning the Group or the Open Offer Shares (other than as contained in this Document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company;
- (v) requests that the Open Offer Shares to which he, she or it will become entitled be issued to him, her or it on the terms set out in this Document and subject to the articles of association of Tex;
- (vi) agrees that all applications under the Open Offer and contracts resulting therefrom shall be governed by, and construed in accordance with, the laws of England;
- (vii) represents and warrants that he, she or it is not, and he, she or it is not applying on behalf of any Shareholder who or which is, a citizen or resident or a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he, she or it is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of the application to, or for the benefit of a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of a Restricted Jurisdiction except where proof satisfactory to Tex has been provided to Tex that he, she or it is able to accept the invitation by Tex free of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (viii) represents and warrants that he, she or it is not and nor is he, she or it applying as nominee or agent for a person who is or may be liable to notify and account for tax under the Stamp Duty



Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;

- (ix) confirms that the Open Offer Shares have not been offered to the applicant by the Company or any of its affiliates, by means of any:
    - (a) “directed selling efforts” as defined in Regulation S under the Securities Act; or
    - (b) “general solicitation” or “general advertising” as defined in Regulation D under the Securities Act;
  - (x) confirms that in making such application he, she or it is not relying on any information in relation to Tex other than that contained in this Document and agrees that no person responsible solely or jointly for this Document or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that having had the opportunity to read this Document, he, she or it will be deemed to have had notice of all the information concerning Tex contained therein; and
  - (xi) represents and warrants that he, she or it is the Qualifying Shareholder originally entitled to the relevant Basic Entitlement.
- (i) *Discretion of the Company as to the rejection and validity of applications*  
The Company at its sole discretion may:
- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III of this Document;
  - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as Tex may determine;
  - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which Computershare receives a properly authenticated dematerialised instruction giving details of the first instruction, or thereafter, either Tex or Computershare have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Computershare in connection with CREST.

#### **4. Money Laundering Regulations**

##### **4.1 Holders of Application Forms**

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations 2017 (as amended and supplemented), the money laundering provisions of the Criminal Justice Act 1993, Part VIII of the FSMA and the Proceeds of Crime Act 2002 (together with other guidance and source books produced in relation to financial sector firms), Computershare Investor Services PLC may at its absolute discretion require verification of identity from any person lodging an Application Form (the “applicant”) including, without limitation, any applicant who (i) tenders payment by way of cheque drawn on an account in the name of a person or persons other than the applicant, or (ii) appears to Computershare Investor Services PLC to be acting on behalf of some other person. In the former case, verification of the identity of the applicant may be required. In the latter case, verification of the identity of any person on whose behalf the applicant appears to be acting may be required.

The verification of identity requirements will not usually apply:

- (a) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (b) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (c) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (d) if the aggregate subscription price for the Open Offer Shares is less than the Sterling equivalent of €15,000 (approximately £12,825).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by building society cheque (not being a cheque drawn on an account in the name of the applicant), by the building society or bank endorsing on the cheque the applicant's name and the number of an account held in the applicant's name at such building society or bank, such endorsement being validated by a stamp and an authorised signature;
- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (a) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, the Republic of Korea, the Republic of South Africa, Singapore, Switzerland, Turkey, UK Crown Dependencies and the United States and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Computershare Investor Services PLC. If the agent is not such an organisation, it should contact Computershare Investor Services PLC using the telephone numbers set out above.

#### **4.2 Entitlements held in CREST**

If you hold your Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Registrar is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE instruction or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Registrars such information as may be specified by the Registrars as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Registrars as to identity, the Registrars may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence as to the identity of the person or persons on whose behalf the application is made.

#### **5. No public offering outside the United Kingdom**

Tex has not taken nor will take any action in any jurisdiction that would permit a public offering of Existing Ordinary Shares in any jurisdiction where action for the purpose is required, other than in the United Kingdom.

## **6. Overseas Holders**

### **6.1 General**

The distribution of this Document and the Application Form and the making of the Open Offer to Qualifying Shareholders who are resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Such Overseas Shareholders should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to accept the Open Offer and/or apply to subscribe for Open Offer Shares.

As a result of restrictions applicable to any holder of Existing Ordinary Shares with registered or mailing addresses in the United States, Canada, Australia, Japan, their territories or possessions and other Restricted Jurisdictions, this Document and the accompanying Application Form are not being sent to any such holders of Existing Ordinary Shares nor will Entitlements be credited to the stock account of any such holder.

No person receiving a copy of this Document and/or the Application Form and/or a credit of an Entitlement to a stock account in CREST in any territory other than the United Kingdom, may treat the same as constituting an invitation or offer to him, her or it to subscribe, nor should he, she or it in any event use such Application Form or credit of Entitlements to a stock account in CREST, unless, in the relevant territory, such an invitation or offer could lawfully be made to him, her or it or the Application Form or credit of Entitlements to a stock account in CREST could lawfully be used without contravention of any registration or regulation or other legal requirements.

No Entitlements may be credited to the stock accounts in CREST of certain Overseas Holders unless they can prove to the satisfaction of Tex that such action would not result in contravention of any applicable legal requirements. Receipt of this Document and/or the Application Form or the crediting of Entitlement to a stock account in CREST will not constitute an offer in those territories in which it would be unlawful to make such an offer and, in such circumstances, this Document and/or the Application Form will be treated as confidential, sent for information purposes only and should not be copied or distributed.

It is the responsibility of any Overseas Holder receiving a copy of this Document and/or the Application Form and/or receiving a credit of an Entitlement to a stock account in CREST and wishing to take up the Open Offer to satisfy himself, herself or itself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining all governmental or other consents which may be required, observing all other requisite formalities that need to be observed in such territory, and paying all issue, transfer or other taxes payable in such territory. If you are in any doubt as to your position, you should consult your independent professional adviser.

Persons (including, without limitation, nominees and trustees) receiving an Application Form and/or receiving a credit of an Entitlement to a stock account in CREST should not, in connection with the Open Offer, distribute or send the Application Form or transfer the Entitlement into any jurisdiction where to do so would or might contravene local securities laws or regulations. If an Application Form and/or credit of an Entitlement to a stock account in CREST is received by a person in any such jurisdiction or by the agent or nominee of such a person, he, she or it must not seek to apply for Open Offer Shares except pursuant to an express agreement with Tex. Any person who does forward an Application Form or transfer an Entitlement into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph 6.

Tex reserves the right (but shall not be obliged) to reject a purported application for Open Offer Shares under the Open Offer in a particular case if it believes doing so may violate applicable legal or regulatory requirements. The provisions of this paragraph 6 and/or any other terms of the Open Offer relating to Overseas Holders may be waived, varied or modified (a) as regards specific holders of Existing Ordinary Shares or (b) on a general basis by Tex in its absolute discretion (and on such terms and conditions as it may think fit).

All payments under the Open Offer must be made in Sterling.

## 6.2 **United States**

For the purposes of this Document a “US person” means a citizen or resident of the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States and an estate or trust the income of which is subject to United States federal income taxation regardless of its source; provided, however, that the term “US person” does not include a branch or agency of a US bank or insurance company that is operating outside the United States for valid business reasons as a locally regulated branch or agency engaged in the banking or insurance business and not solely for the purpose of investing in securities not registered under the Securities Act.

The Open Offer Shares and the accompanying Application Form have not been, and will not be, registered under the Securities Act or under the securities laws of any jurisdiction or state of the United States. Accordingly, except in a transaction which is exempt under the legislation, the Open Offer Shares and the Application Form and/or Entitlements may not be directly or indirectly offered, sold, renounced, transferred, taken up or delivered, directly or indirectly, in or into the United States or to or for the benefit of US persons. This Document shall not constitute an offer to sell or the solicitation of an offer to buy any of the Open Offer Shares in the United States.

Envelopes containing the Application Form should not be postmarked in the United States or otherwise despatched from the United States. Persons will be deemed to have made an invalid application if they submit the Application Form in an envelope postmarked in the United States or have provided an address in the United States for registration, or do not make the representation and warranty set out in the Application Form to the effect that such person is not in the United States, is not a US person and is not acting for the account or benefit of a US person. The Open Offer is not therefore being made in the United States or to or for the account or benefit of a US person and holders of Existing Ordinary Shares at the Record Date with registered addresses in the United States will not be Qualifying Shareholders and Application Forms will not be sent to such persons.

## 6.3 **Canada**

No exemptions in connection with the Open Offer have been or will be obtained from any securities commission or similar regulatory authority in Canada. Accordingly, the Open Offer Shares are not being offered, nor may they be offered or sold, directly or indirectly, in Canada or to persons resident in Canada.

No prospectus in relation to the Open Offer Shares will be filed with and no relief from applicable securities law requirements will be obtained from the applicable regulatory authority of any province or territory of Canada.

Holders of Existing Ordinary Shares with registered addresses in Canada will not be Qualifying Holders and no Application Forms will be sent to such persons, nor will Entitlements be credited to the stock accounts of such persons.

Persons (including without limitation, nominees and trustees) receiving an Application Form and/or an Entitlement should not distribute, send or transfer it or them to persons resident in Canada. Tex reserves the right to reject an Application Form from persons whom it believes are residents of Canada or persons who are acquiring Open Offer Shares for resale into Canada.

## 6.4 **Australia**

No Application Form, advertisement or other offering material in relation to the Open Offer or the Open Offer Shares has been or will be distributed, directly or indirectly, in or into Australia, nor will Entitlements be credited to the stock accounts of such persons. No prospectus in relation to the Open Offer Shares has been or will be lodged with or registered by the Australian Securities and Investments Commission. The Open Offer is not being made in Australia. The Open Offer Shares will not be available for subscription or purchase by any resident of Australia (including corporations and other entities organised under the laws of Australia, but not including a permanent establishment of any such corporation or entity located outside Australia).

Holders of Existing Ordinary Shares with registered addresses in Australia will not be Qualifying Holders and no Application Forms will be sent to, nor will Entitlements be credited to, the stock accounts of such persons.

## 6.5 **Japan**

The relevant clearances have not been, and will not be, obtained from the Ministry of Finance of Japan and no circular in relation to the Open Offer Shares has been or will be lodged with or registered by the Ministry of Finance of Japan. The Open Offer Shares may not therefore, subject to certain exceptions, be offered or sold, directly or indirectly, in or into Japan. Accordingly, Application Forms are not being sent to, and no Entitlements will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in Japan.

#### **6.6 Other Restricted Jurisdictions**

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption. No offer of Open Offer Shares is being made by virtue of this Document or the Application Form into any Restricted Jurisdiction.

#### **6.7 Other overseas territories**

Application Forms will be sent to Qualifying non-CREST Shareholders and Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this Document and the Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the UK should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares.

#### **6.8 Representations and warranties relating to Overseas Shareholders**

##### *(a) Qualifying non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the representation and warranty required by this subparagraph 6.8(a).

##### *(b) Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within any Restricted Jurisdiction; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) it is not accepting on a

non- discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor its client is acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

## **6.9 Waiver**

The provisions of this paragraph 6.9 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, in its absolute discretion. Subject to this, the provisions of this paragraph supersede any terms of the Open Offer inconsistent herewith. References in this paragraph to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph shall apply to them jointly and to each of them.

## **7. No withdrawal rights**

An application under the Open Offer once made is irrevocable and cannot be withdrawn or changed.

## **8. Settlement**

It is expected that, subject to the Open Offer becoming unconditional in all respects, the Open Offer Shares will be issued on 2 December 2020.

Tex's Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the Open Offer Shares, all of which, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Entitlements to be admitted to CREST. The conditions to such admission having already been met, the Entitlements are expected to be admitted to CREST with effect from 4 November 2020. Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 26 November 2020 (the latest time and date for applications under the Open Offer).

Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by Tex on the day on which all conditions to the Open Offer are satisfied (expected to be 27 November 2020). On this day, Computershare will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Issue (expected to be 2 December 2020). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Qualifying CREST Holders should note that they will be sent no confirmation of the credit of the Open Offer Shares to their CREST stock account nor any other written communication by Tex in respect of the issue of the Open Offer Shares.

Notwithstanding any other provision of this Document, Tex reserves the right to send Qualifying CREST Holders an Application Form instead of crediting the relevant stock account with an Entitlement and/or to issue Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by Computershare Investor Services PLC in connection with CREST. This right may also be exercised if the correct details (such as participant ID and member account ID details) are not provided as requested.

For Qualifying non-CREST Holders who have applied by using an Application Form, share certificates for the Open Offer Shares validly applied for are expected to be despatched by post within 10 Business Days of Issue. No temporary documents of title will be issued. Pending despatch of definitive share certificates, transfers of the Open Offer Shares by Qualifying non-CREST Holders will be certified against the register. All documents or remittances sent by or to an applicant (or his agent as appropriate) will (in the latter case) be sent through the post and will (in both cases) be at the risk of the applicant.

## **9. Times and dates**

The Company shall, in its discretion, and after consultation with its financial and legal advisers, be entitled to amend the dates on which Application Forms are despatched or amend or extend the latest time and date for acceptance under the Open Offer and all related dates set out in this Document and in such circumstances shall make an announcement on a RIS.

## **10. Taxation**

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

## **11. Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this Document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England. The courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Document or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this Document or the Application Form. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this Document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## PART IV

### FINANCIAL INFORMATION ON THE COMPANY AND LE BAS INVESTMENT TRUST

This information is being provided as part of the required disclosures under the Takeover Code.

The information listed below relating to the Company is hereby incorporated by reference into this Document for the purposes of the Takeover Code and is available on the Company's website, as follows:

- The Company's interim results for the six-month period to 30 June 2020 are available at: <https://tex-holdings.co.uk/wp-content/uploads/2020/08/TEX-HOLDINGS-PLC-INTERIM-STATEMENT-2020-ISSUED-VERSION.pdf>
- The Company's audited results for the year ended 31 December 2019 are available at: <https://tex-holdings.co.uk/wp-content/uploads/2020/07/Tex-Accounts-Cos-House-Version.pdf>
- The Company's audited results for the year ended 31 December 2018 are available at: <https://tex-holdings.co.uk/2018-annual-report/>

The information listed below relating to Le Bas Investment Trust is hereby incorporated by reference into this Document for the purposes of the Takeover Code and is available as follows:

- Le Bas Investment Trust's audited, small company abbreviated accounts for the year ended 31 December 2019 are available at: <https://tex-holdings.co.uk/wp-content/uploads/2020/10/Web-002-LBIT-Accounts-to-31-December-2019.pdf>
- Le Bas Investment Trust's audited, small company abbreviated accounts for the year ended 31 December 2018 are available at: <https://tex-holdings.co.uk/wp-content/uploads/2020/10/Web-003-LBIT-Accounts-to-31-December-2018.pdf>

On request, the Company will provide within two business days, without charge, to each person to whom a copy of this Document has been delivered, a copy of each of the documents set out above in hard copy. To request a hard copy please contact the Company Secretary of Tex at the Company's registered office.



## **PART V**

### **ADDITIONAL INFORMATION**

#### **1. Responsibility**

- 1.1 The Directors, whose names appear in paragraph 2 below, and the Company accept responsibility for the information contained in this Document (including any expressions of opinion) other than the information concerning the members of the Concert Party and their intentions for which the members of the Concert Party accept responsibility (as set out in paragraph 1.3 below) and the recommendation of the Independent Directors set out in paragraph 16 of Part I of this Document for which the Independent Directors accept responsibility (as set out in paragraph 1.2 below). To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Independent Directors, whose names appear in paragraph 2 below (excluding Richard Burrows who is not considered to be an independent director), accept responsibility for the recommendation of the Independent Directors set out in paragraph 16 of Part I of this Document. To the best of the knowledge and belief of the Independent Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 Each member of the Concert Party accepts responsibility for the information contained in this Document relating to itself (including any expressions of opinion). To the best of the knowledge and belief of each member of the Concert Party (having taken all reasonable care to ensure that such is the case), the information contained in this Document for which it is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### **2. Directors**

- 2.1 The Directors as at the date of this Document are Richard Burrows, George Gray, Christopher Palmer-Tomkinson, Christian Ross and David Redhead.
- 2.2 The directors of Le Bas Investment Trust as at the date of this Document are Angela Burrows and Mark Harrison.

#### **3. Information on Le Bas Investment Trust**

Le Bas Investment Trust is an investment holding company and does not itself conduct commercial or trading operations. It is expected that from the date of completion of the Fundraising and based on the shareholding that the Le Bas group will have in the Company upon completion, Le Bas Investment Trust will consolidate the Company into the consolidated Le Bas Investment Trust accounts. Following the consolidation of the Company, liabilities will increase by approximately £2.8m as a result of the Fundraising and by a further £0.6m as the Company's loan with NatWest is incorporated into the consolidated accounts (however, the Le Bas Loan will be converted pursuant to the Loan Conversion). The Company has current net assets, less liabilities, of £5.7m, but by the year end this will be adversely impacted by further operating losses of £1.1m. The Company has a current actuarial shortfall in its defined benefit pension fund of approx. £1m.

#### **4. Information on the Concert Party**

- 4.1 Edward Le Bas Limited is a private limited company incorporated in England and Wales with registered number 00712101 and whose registered office is at Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk, IP6 0NL.
- 4.2 Le Bas Investment Trust Limited is a private limited company incorporated in England and Wales with registered number 00251553 and whose registered office is at Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk, IP6 0NL.
- 4.3 Redmayne (Nominees) Limited is a private limited company incorporated in England and Wales with registered number 00694623 and whose registered office is at 9 Bond Court, Leeds, West Yorkshire, LS1 2JZ. It is the Pension and Assurance Scheme of Edward Le Bas Limited.

4.4 Minnowdown Limited is a private limited company incorporated in England and Wales with registered number 05290614 and whose registered office is at John Phillips & Co Ltd, 81 Centaur Court, Claydon Business Park, Great Blakenham, Ipswich Suffolk, IP6 0NL.

## 5. Concert Party

### Interests and dealings

#### (a) *Definitions and interpretation*

For the purposes of this paragraph 3:

**“acting in concert”**

has the meaning attributed to it in the Takeover Code; persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), cooperate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert all with each other. Without prejudice to the general application of this definition, the following persons will be presumed to be persons acting in concert with other persons in the same category unless the contrary is established:

- (i) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);
- (ii) a company with any of its directors (together with their close relatives and related trusts);
- (iii) a company with any of its pension funds and the pension funds of any company described in (i);
- (iv) a fund manager (including an exempt fund manager) with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant investment accounts;
- (v) a person, the person’s close relatives, and the related trusts of any of them, all with each other;
- (vi) the close relatives of a founder of a company to which the Code applies, their close relatives, and the related trusts of any of them, all with each other;
- (vii) a connected adviser with its client and, if its client is acting in concert with an offeror or with the offeree company, with that offeror or with that offeree company respectively, in each case in respect of the interests in shares of that adviser and persons controlling, controlled by or under the same control as that adviser (except in the capacity of an exempt fund manager or an exempt principal trader);
- (viii) directors of a company which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent; and

|                             |  |
|-----------------------------|--|
|                             | (ix) shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Code applies, or who, following the re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the Code applies;  |
| <b>“arrangement”</b>        | includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;   |
| <b>“connected adviser”</b>  | has the meaning attributed to it in the Takeover Code;   |
| <b>“connected person”</b>   | has the meaning attributed to it in sections 252 to 255 of the Companies Act 2006 of the UK Parliament;  |
| <b>“control”</b>            | means an interest in relevant securities carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the interest gives <i>de facto</i> control;   |
| <b>“dealing” or “dealt”</b> | includes the following: <ul style="list-style-type: none"> <li>(a) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;</li> <li>(b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;</li> <li>(c) subscribing or agreeing to subscribe for relevant securities;</li> <li>(d) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;</li> <li>(e) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and</li> <li>(f) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position.</li> </ul> |
| <b>“derivative”</b>         | includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of a underlying security;  |
| <b>“disclosure date”</b>    | means 2 November 2020, being the Latest Practicable Date prior to publication of this Document;  |
| <b>“Disclosure Period”</b>  | means the period commencing on 2 November 2019, being the date 12 months prior to the posting of this Document and ending on the disclosure date;  |

“**exempt principal trader**” or “**exempt fund manager**” has the meaning attributed to it in the Takeover Code;

“**interest**” being “interested” in relevant securities includes where a person has long economic exposure (whether absolute or conditional) to changes in the price of those securities. A person who only has a short position in securities will not be treated as interested in those securities. In particular, a person will be treated as having an interest in securities if:

- (a) owns relevant securities;
- (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
- (c) by virtue of any agreement to purchase, option or derivative, has the rights or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
- (d) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it; or
- (e) has received an irrevocable commitment in respect of the relevant securities; and

“**relevant securities**” means shares in the relevant company (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof.

(b) **Interests and dealings in the Ordinary Shares**

(i) As at the Latest Practicable Date, the interests of the Concert Party (and the interests of any directors or persons connected with any of them) or any persons acting in concert with any of them, in relevant securities of the Company (as shown in the Company’s registers or which have been notified to the Company) are as follows:

|                             | <i>Total No.<br/>of Existing<br/>Ordinary Shares</i> | <i>Percentage<br/>of Existing<br/>Ordinary Shares</i> |
|-----------------------------|--|---|
| <i>Concert Party Member</i> |  |   |
| Edward Le Bas Ltd           | 1,180,789  | 18.59%  |
| Le Bas Investment Trust     | 812,028  | 12.78%  |
| Redmayne (Nominees) Ltd*    | 385,000  | 6.06%   |
| Minnowdown Limited          | 110,734  | 1.74%   |
| <b>Total</b>                | <b>2,488,551</b>                                     | <b>39.18%</b>   |

\*The Pension and Assurance Scheme of Edward Le Bas Limited.

(ii) There have been no dealings in Relevant Securities of the Company by members of the Concert Party or any person acting in concert with any member of the Concert Party in the Disclosure Period.

(iii) As at the disclosure date, save as disclosed in paragraph (i) above, no member of the Concert Party, has an interest in or right to subscribe for any relevant securities of the Company including

any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor had any of the foregoing dealt in any relevant securities of the Company during the Disclosure Period.

- (iv) As at the disclosure date no member of the Concert Party has borrowed or lent any relevant securities of the Company (including any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code), save for any borrowed shares which have either been on-lent or sold.
- (v) As at the close of business on the Latest Practicable Date and on issue of the new Ordinary Shares pursuant to the Fundraising and the following the Loan Conversion (assuming the Le Bas Loan is fully converted), the interests of the Directors, any person acting in concert with the Company and any person with whom the Company, or any person acting in concert with the Company, has an arrangement, all of which are beneficial unless otherwise stated, in relevant securities of the Company (as shown in the Company's registers or which have been notified to the Company) are as follows:

| <i>Director</i>              | <i>Total No. of Existing Ordinary Shares</i> | <i>Percentage of issued share capital as at the Latest Practicable Date</i> | <i>Open Offer Shares being subscribed for</i> | <i>No. of Ordinary Shares following issue of the Subscription Shares and Open Offer Shares</i> | <i>Percentage of enlarged share capital of the Company following issue of the Subscription Shares and Open Offer Shares</i> | <i>Percentage of enlarged share capital of the Company following Loan Conversion</i> |
|------------------------------|--|---|---|--|---|--|
| David Redhead                | 3,000  | 0.05%   | Nil   | 3,000  | 0.00%   | 0.00%  |
| Christopher Palmer-Tomkinson | 180,000                                      | 2.8%  | Nil   | 180,000  | 0.93%   | 0.33%  |

- (vi) As at the close of business on the Latest Practicable Date, neither the Directors, nor any person acting in concert with the Company, nor any person with whom the Company, or any person acting in concert with the Company, has an arrangement have any options or other rights to subscribe for relevant securities of the Company.
- (vii) As at the disclosure date, save as disclosed in paragraphs 3(b)(iv) and 3(b)(v) above, neither the Directors, nor any persons acting in concert with the Company, nor any person with whom the Company or any person acting in concert with it has an arrangement, has an interest in or right to subscribe for any relevant securities of the Company including any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.
- (viii) As at the disclosure date, neither the Company nor any person acting in concert with it has borrowed or lent any relevant securities of the Company (including any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code), save for any borrowed shares which have either been on-lent or sold.
- (ix) As at the disclosure date there were no arrangements of the kind referred to in Note 11 of the definition of acting in concert in the Takeover Code which existed between the Company nor any of the Directors nor any member of the Concert Party (including any members of such Directors' or Concert Party member's respective immediate families, related trusts or connected persons) or any associate of the Company and any other person, nor have any dealings in relevant securities of the Company taken place by such parties during the Disclosure Period.
- (x) Neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any relevant securities of any member of the Concert Party (or derivatives referenced thereto) or securities convertible into, rights to subscribe for or

options (including traded options), any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in respect thereof.

(c) **General**

- (i) As at the disclosure date, there were no agreements, arrangements or understandings (including any compensation arrangement) between any member of the Concert Party or any person acting in concert with a member of the Concert Party and any of the Directors, recent directors, shareholders or recent shareholders of the Company or any person interested or recently interested in Ordinary Shares having any connection with or dependence upon the transactions set out in this document.
- (ii) There is no agreement, arrangement or understanding whereby the beneficial ownership of the new Ordinary Shares to be issued to the Concert Party pursuant to the Fundraising or the new Ordinary Shares to be issued pursuant to the Loan Conversion will be transferred to any other person.

## 6. Irrevocable undertakings

Christopher Palmer-Tomkinson has given an irrevocable undertaking to the Company to procure that the registered holders, in respect of its entire beneficial holding totalling, in aggregate, 180,000 Existing Ordinary Shares, representing approximately 2.80 per cent. of the Existing Ordinary Share Capital will vote in favour of the Resolutions.

David Redhead has given an irrevocable undertaking to the Company to procure that the registered holders, in respect of its entire beneficial holding totalling, in aggregate, 3,000 Existing Ordinary Shares, representing approximately 0.05 per cent. of the Existing Ordinary Share Capital will vote in favour of the Resolutions.

In total, therefore, the Company has received irrevocable undertakings to vote in favour of the Resolutions from certain Shareholders in respect of holdings totalling, in aggregate, 183,000 Existing Ordinary Shares, representing approximately 2.85 per cent. of the Existing Ordinary Share Capital.

## 7. Material contracts

The following contracts, not being in the ordinary course of business, have been entered into by the Group within the two years immediately preceding the date of this Document and are, or may be, material or are, or may, contain provisions under which any member of the Group has an obligation or entitlement which is material to the Group.

- (i) A Sterling term loan facility (the "**Facility**") made available by Edward Le Bas Properties Limited (the "**Lender**") to the Company (the "**Borrower**") pursuant to a secured term loan facility agreement ("**Facility Agreement**") dated 27 November 2019 (the "**Commencement Date**") for the purposes of repaying certain existing indebtedness and for the general working capital purposes of the Borrower and its subsidiaries. The maximum principal amount of the Facility is £7,000,000 which was fully drawn on the Commencement Date. Interest is payable on loans drawn under the Facility (together, the "**Loan**") at a rate per annum which is the higher of 8.00% and LIBOR plus 7.25%. The Loan is repayable in full on 27 November 2029 (being the tenth anniversary of the Commencement Date) but prepayment is permitted without penalty in tranches of up to £1,000,000 on each anniversary of the Commencement Date. The Facility is subject to early repayment events (including change of control of the Borrower) and confers certain rights on the Lender as are customary of a facility of this nature. The Facility does not contain any financial covenants but it does contain a financial condition event of default which would be triggered if the consolidated balance shown for the Borrower in any financial information supplied to the Lender shows a value for total equity (as set out in the Borrower's consolidated balance sheet) to be less than £5,000,000. The Facility is secured by first ranking fixed and floating charges over all of the assets and undertaking of the Borrower and each of its subsidiaries, including legal charges from QK Honeycomb Products Limited over certain freehold properties located in England. The governing law and jurisdiction of the Facility is the law and courts of England and Wales. Edward Le Bas Properties Limited's rights and obligations in respect of the Facility Agreement were assigned to Edward Le Bas Limited on 26 October 2020.

- (ii) Pursuant to the terms of the Subscription Agreement dated 2 November 2020 and made between Company and Le Bas in connection with the Subscription, Le Bas has agreed conditionally to subscribe for 8,000,000 Subscription Shares at the Issue Price. Pursuant to the terms of the Subscription Agreement, Le Bas has also agreed conditionally to acquire any Open Offer Shares not subscribed for by Qualifying Shareholders in the Open Offer. The Subscription Agreement is conditional, amongst other things, upon the passing of the Fundraising and Loan Conversion Resolutions, the Proposed Share Buyback Resolution and the Whitewash Resolution at the EGM (or any adjournment thereof).

The following contracts, not being in the ordinary course of business, have been entered into by the Le Bas Group within the two years immediately preceding the date of this Document and are, or may be, material or are, or may, contain provisions under which any member of the Group has an obligation or entitlement which is or may be material to such member of the Le Bas Group.

- (i) Pursuant to an agreement dated 30 June 2020 between Le Bas Investment Trust Limited and HSBC Bank plc, the provision of a £3.5 million rolling overdraft facility which is renewed annually and carries an interest rate of 1.75% plus base rate.
- (ii) Pursuant to an agreement dated 12 August 2019 between Edward Le Bas Properties Limited and Barclays Bank plc, the provision of a £6 million term loan and £4 million revolving credit facility. Both debt facilities carry a term of five years from 27 November 2019, repayments of capital and interest will be made quarterly and the interest rate is 2.3% plus LIBOR hedged at 1%.
- (iii) Pursuant to the terms of the Subscription Agreement dated 2 November 2020 and made between Company and Le Bas in connection with the Subscription, Le Bas has agreed conditionally to subscribe for 8,000,000 Subscription Shares at the Issue Price. Pursuant to the terms of the Subscription Agreement, Le Bas has also agreed conditionally to acquire any Open Offer Shares not subscribed for by Qualifying Shareholders in the Open Offer. The Subscription Agreement is conditional, amongst other things, upon the passing of the Fundraising and Loan Conversion Resolutions, the Proposed Share Buyback Resolution and the Whitewash Resolution at the EGM (or any adjournment thereof).

## **8. Significant change**

Save as set out in Part I of this document, there has been no significant change in the financial position or the financial performance of the Group since 30 June 2020 (being the date to which the last interim financial information of the Group was published).

## **9. Market quotations**

The Company's shares were suspended from trading on 29 April 2019. At this date, the share price was 73 pence per Ordinary Share. As of 13 October 2020, the listing of the Company's Ordinary Shares on the standard segment of the Official List and to trading on the London Stock Exchange's Main Market was cancelled.

## **10. Directors' service agreements**

10.1 A non-executive and chairman letter of appointment dated 18th August 2014 between BSP International Foundations Ltd and David Redhead, pursuant to which David Redhead was appointed as a non-executive director and chairman with effect from 1st July 2014 for a term of 1 year until 15th July 2015, pursuant to which David Redhead was appointed as executive director of Tex Holdings plc on 14 April 2018. David Redhead is entitled to £55,000 per annum, group life assurance cover, inclusion in the Engineering division bonus scheme, group life assurance cover and private medical cover for David Redhead and his spouse. The appointment may be terminated immediately if David Redhead is in material breach of the terms of his appointment. In the event of termination, David Redhead shall be entitled to accrued fees and reimbursement of any expenses.

10.2 A contract of employment dated 28 August 2020 between Tex Holdings plc and Christian Ross, pursuant to which Christian Ross was appointed as CFO with effect from 1 September 2020. Christian Ross is entitled to £93,000 per annum, car allowance, matched pension contributions to 6%, group life assurance cover and private medical cover for Christian and his spouse. The appointment is terminable on

six months' notice by either party but may be terminated immediately if Christian Ross is in material breach of the terms of his appointment. In the event of termination, Christian Ross shall be entitled to accrued but untaken holiday and reimbursement of any expenses.

10.3 A non-executive letter of appointment dated 22 June 2015 between the Company and Christopher Palmer-Tomkinson, pursuant to which Christopher Palmer-Tomkinson was appointed as a non-executive director of the Company with effect from 27 August 2008. Christopher Palmer-Tomkinson is entitled to an annual fee as determined by the Company's remuneration committee. The appointment may be terminated immediately if Christopher Palmer-Tomkinson is in material breach of the terms of his appointment. In the event of termination, Christopher Palmer-Tomkinson shall be entitled to accrued fees and reimbursement of any expenses.

10.4 A non-executive letter of appointment dated 22 June 2018 between the Company and Chris Gray, pursuant to which Chris Gray was appointed as a non-executive director of the Company with effect from 5 September 2017. Chris Gray is entitled to an annual fee as determined by the Company's remuneration committee and a discretionary 'golden goodbye' of 1.5% of the cumulative profits of the Company from 1 January 2018 until the date on which Chris Gray leaves the Board. The appointment may be terminated immediately if Chris Gray is in material breach of the terms of his appointment. In the event of termination, Chris Gray shall be entitled to accrued fees and reimbursement of any expenses.

10.5 A chairman letter of appointment dated 22 June 2015 between the Company and ARB Burrows, pursuant to which ARB Burrows was appointed as chairman of the Company with effect from 1 July 2015. ARB Burrows is entitled to an annual fee as determined by the Company's remuneration committee private medical insurance for ARB Burrows and his spouse. The appointment may be terminated immediately if ARB Burrows is in material breach of the terms of his appointment. In the event of termination, Chris Gray shall be entitled to accrued fees and reimbursement of any expenses.

10.6 There are no Directors' service agreements which have been replaced or amended during the six months prior to the date of this document.

10.7 Save as disclosed above, there are no other contracts of service between the Directors and the Company or any of its subsidiaries.

10.8 No member of the Concert Party entered into or reached an advanced stage of discussions on any form of incentivisation arrangements with any members of the Company's management who are interested in Ordinary Shares.

## **11. Consent**

WH Ireland Limited has given, and has not withdrawn, its written consent to the issue of this Circular with the inclusion of its name and references to it in the form and in the context in which it appears.

## **12. Ratings**

Neither the Company nor any member of the Concert Party has been given any ratings outlooks by ratings agencies.

## **13. Documents available for inspection**

Copies of the following documents will be published in electronic form and be available at the Company's website [www.tex-holdings.co.uk](http://www.tex-holdings.co.uk), subject to certain restrictions relating to persons resident outside the United Kingdom for the period from date of this document up to and including 23 November and at the EGM to be held on that day:

- 13.1 the Company's Articles of Association and Le Bas Investment Trust Limited's Articles of Association;
- 13.2 the financial information of the Company and Le Bas Investment Trust Limited referred to in Part IV of this Document;
- 13.2 the irrevocable undertakings referred to in paragraph 6 of this Part V;
- 13.3 the material contracts referred to in paragraph 7 of this Part V;



13.4 the letters of consent referred to in paragraph 11 of this Part V; and

13.5 this Document.

#### **14. Documents incorporated by reference**

The financial information on the Company and Le Bas Investment Trust Limited referred to in Part IV of this Document is incorporated by reference into this Document pursuant to Rule 24.15 of the City Code and is available free of charge on the Company's website, [www.tex-holdings.co.uk](http://www.tex-holdings.co.uk).

The Company will provide within two business days, without charge, to each person to whom a copy of this Document has been delivered, a hard copy of this Document and any documents incorporated by reference in this Document.

## DEFINITIONS

The following definitions apply throughout this Document and the accompanying Form of Proxy and Application Form, unless the context requires otherwise or unless it is otherwise specifically provided:

|  |   |
|--|---|
| <b>“Application Form”</b>                    | the application form relating to the Open Offer which accompanies this Document (where relevant)  |
| <b>“Business Day”</b>                        | a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, England  |
| <b>“certificated” or “certificated form”</b> | recorded on a company’s share register as being held in certificated form (i.e. not in CREST)   |
| <b>“Code” or “Takeover Code”</b>             | the City Code on Takeovers and Mergers, as amended from time to time  |
| <b>“Companies Act” or “Act”</b>              | Companies Act 2006 (as amended)   |
| <b>“Company” or “Tex”</b>                    | Tex Holdings plc  |
| <b>“Concert Party”</b>                       | Le Bas, Le Bas Investment Trust, Redmayne (Nominees) and Minnowdown   |
| <b>“CREST”</b>                               | the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)   |
| <b>“CREST Manual”</b>                        | the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CREST Courier and Sorting Services Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 November 1996 and as amended since) as published by Euroclear |
| <b>“CREST member”</b>                        | a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)  |
| <b>“CREST Participant”</b>                   | a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)   |
| <b>“CREST payment”</b>                       | shall have the meaning given in the CREST Manual  |
| <b>“CREST Regulations”</b>                   | the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)  |
| <b>“CREST sponsor”</b>                       | a CREST Participant admitted to CREST as a CREST sponsor  |

|  |  |
|--|--|
| <b>“CREST sponsored member”</b>                      | a CREST member admitted to CREST as a sponsored member (which includes all-CREST personal members)   |
| <b>“Directors” or “Board”</b>                        | the directors of the Company whose names appear on page 6 of this Document   |
| <b>“Document” or “Circular”</b>                      | this document which for the avoidance of doubt does not comprise a prospectus (under the Prospectus Regulation Rules)  |
| <b>“enabled for settlement”</b>                      | in relation to Entitlements, enabled for the limited purpose of settlement of claim transactions and USE transactions  |
| <b>“Entitlement”</b>                                 | the number of Open Offer Shares for which Qualifying Holders are entitled to subscribe at the Issue Price <i>pro rata</i> to their holding of Qualifying Shares pursuant to the Open Offer as described in Part III of this Document |
| <b>“EU”</b>  | the European Union   |
| <b>“Euroclear”</b>                                   | Euroclear UK & Ireland Limited, the operator of CREST  |
| <b>“Existing Ordinary Shares”</b>                    | the 6,351,452 Ordinary Shares in issue at the date of this Document  |
| <b>“FCA”</b>   | the Financial Conduct Authority of the UK, acting in its capacity as the competent authority for the purposes of Part VI of the FSMA   |
| <b>“Form of Proxy”</b>                               | the form of proxy for use at the General Meeting (as may be requested from the Registrar)  |
| <b>“FSMA”</b>  | the Financial Services and Markets Act 2000 (as amended)   |
| <b>“Fundraising”</b>                                 | together the Subscription and the Open Offer   |
| <b>“Fundraising and Loan Conversion Resolutions”</b> | Resolutions 2 and 4 in the Notice of EGM to be proposed at the EGM   |
| <b>“Extraordinary General Meeting or EGM”</b>        | the extraordinary general meeting of the Company, notice of which is set out at the end of this Document   |
| <b>“Group”</b>                                       | the Company and its subsidiaries   |
| <b>“Independent Directors”</b>                       | the Directors other than Richard Burrows   |
| <b>“Independent Shareholders”</b>                    | the Shareholders other than the Concert Party  |
| <b>“ISIN”</b>  | International Securities Identification Number   |
| <b>“Issue Price”</b>                                 | 20 pence per New Ordinary Share  |
| <b>“Latest Practicable Date”</b>                     | 2 November 2020 (being the last practicable date prior to the publication of this Circular)  |
| <b>“Le Bas”</b>                                      | Edward Le Bas Limited  |

|  |   |
|--|---|
| <b>“Le Bas Group”</b>                                | Edward Le Bas Limited, Le Bas Investment Trust Limited, Edward Le Bas Properties Limited and Le Bas Limited   |
| <b>“Le Bas Investment Trust”</b>                     | Le Bas Investment Trust Limited   |
| <b>“Le Bas Loan”</b>                                 | the loan represented by the facility agreement dated 27 November 2019 and entered into between the Company and Edward Le Bas Properties Limited who assigned its rights and obligations in respect of the facility agreement to Le Bas on 26 October 2020 |
| <b>“Loan Conversion”</b>                             | the proposed conversion of all or part of the Le Bas Loan into new Ordinary Shares in the capital of the Company  |
| <b>“London Stock Exchange”</b>                       | London Stock Exchange plc   |
| <b>“member account ID”</b>                           | the identification code or number attached to any member account in CREST   |
| <b>“Minnowdown”</b>                                  | Minnowdown Limited  |
| <b>“Money Laundering Regulations”</b>                | the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended and supplemented from time to time)   |
| <b>“New Ordinary Shares”</b>                         | the Subscription Shares, the Open Offer Shares and the new Ordinary Shares in the capital of the Company to be issued pursuant to the Loan Conversion   |
| <b>“Notice of Extraordinary General Meeting”</b>     | the notice of Extraordinary General Meeting set out at the end of this Document   |
| <b>“Official List”</b>                               | the Official List of the UK Listing Authority   |
| <b>“Open Offer”</b>                                  | the proposed conditional issue and allotment at the Issue Price of the Open Offer Shares to Qualifying Shareholders as further described in this Document   |
| <b>“Open Offer Shares”</b>                           | the 5,000,000 Ordinary Shares to be offered to Qualifying Shareholders pursuant to the Open Offer subject to the passing of the Resolutions;  |
| <b>“Ordinary Shares”</b>                             | ordinary shares of 10 pence each in the capital of the Company  |
| <b>“Overseas Shareholders” or “Overseas Holders”</b> | Shareholders with registered addresses in, or who are citizens, residents or nationals of, jurisdictions outside the UK the   |
| <b>“participant ID”</b>                              | identification code or membership number used in CREST to identify a particular CREST member or other CREST Participant   |
| <b>“Panel”</b>                                       | the Panel on Takeovers and Mergers  |

|   |   |
|---|---|
| <b>“Proposed Share Buyback”</b>   | the proposed purchase by the Company of up to 3,862,901 Ordinary Shares at 20p per Ordinary Share as described in Part I of this document   |
| <b>“Proposed Share Buyback Resolution”</b>                                  | the ordinary resolution to approve the Proposed Share Buyback which is Resolution 3 in the Notice of EGM to be proposed at the EGM  |
| <b>“Prospectus Regulation Rules”</b>  | the Prospectus Regulation Rules made in accordance with EU Prospectus Regulation 2017/1129  |
| <b>“Qualifying Holders” or “Qualifying Shareholders”</b>                    | Shareholders whose names appear on the register of members of Tex on the Record Date as holders of Qualifying Shares and who are eligible to be offered Open Offer Shares under the Open Offer in accordance with the terms and conditions set out in this Document       |
| <b>Qualifying CREST Holders” or “Qualifying CREST Shareholders”</b>         | Qualifying Holders holding Existing Ordinary Shares in uncertificated form  |
| <b>Qualifying non-CREST Holders” or “Qualifying non-CREST Shareholders”</b> | Qualifying Holders holding Existing Ordinary Shares in certificated form  |
| <b>“Qualifying Shares”</b>  | the Ordinary Shares that qualify for the Open Offer   |
| <b>“Record Date”</b>  | 6.00 p.m. on 29 October 2020  |
| <b>“Registrars” or “Receiving Agent”</b>                                    | Computershare Investor Services PLC   |
| <b>“Resolutions”</b>  | the resolutions to be proposed at the EGM as set out in the Notice of EGM, comprising the Whitewash Resolution, the Fundraising and Loan Conversion Resolutions and the Proposed Share Buyback Resolution   |
| <b>“Restricted Jurisdiction”</b>  | the United States, Australia, Canada, Japan, New Zealand and the Republic of South Africa or any other jurisdiction where the distribution of this Document and/or the offer or sale of Ordinary Shares would constitute a breach of local securities laws or regulations |
| <b>“RIS”</b>  | a regulatory information service  |
| <b>“Rule 9 Waiver”</b>  | the waiver by the Panel of the obligations which would otherwise arise on the Concert Party (individually or collectively) under Rule 9 of the Takeover Code on completion of the Fundraising, the Loan Conversion and the Proposed Share Buyback                         |
| <b>“Securities Act”</b>   | the US Securities Act of 1933, as amended   |
| <b>“Shareholders”</b>   | holders of Ordinary Shares  |
| <b>“Sterling”</b>   | pounds sterling, the basic unit of currency in the UK   |
| <b>“Subscription”</b>   | the conditional subscription for the Subscription Shares pursuant to the Subscription Agreement   |

|  |   |
|--|---|
| <b>“Subscription Agreement”</b>                  | the subscription agreement entered into between the Company and Le Bas in connection with the Subscription  |
| <b>“Subscription Shares”</b>                     | the 8,000,000 new Ordinary Shares to be conditionally subscribed for by Le Bas for cash pursuant to the Subscription Agreement and whose allotment and issue is conditional, inter alia, on the passing of the Resolutions at the EGM   |
| <b>“Transactions”</b>                            | together the Fundraising, the Loan Conversion, the Rule 9 Waiver and the Proposed Share Buyback   |
| <b>“UK” or “United Kingdom”</b>                  | the United Kingdom of Great Britain and Northern Ireland  |
| <b>“uncertificated” or “uncertificated form”</b> | recorded on the relevant register or other record of the share or other security as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by way of CREST   |
| <b>“US” or “USA”</b>                             | the United States of America  |
| <b>“USE”</b>                                     | unmatched stock event   |
| <b>“W H Ireland Limited”</b>                     | W H Ireland Limited, a company incorporated and registered in England and Wales with company number 02002044 whose registered office is situated at 24 Martin Lane, London EC4R 0DR, is acting as Independent Adviser to the Company for purposes of the Takeover Code  |
| <b>“Whitewash Resolution”</b>                    | the ordinary resolution to approve the Rule 9 Waiver which is Resolution 1 in the Notice of EGM to be proposed at the EGM   |
| <b>“29.9 per cent. Aggregate Limit”</b>          | the restriction on the number of Open Offer Shares that each Qualifying Shareholder may receive under the Open Offer on the basis that no Qualifying Shareholder (other than the Concert Party) shall be entitled to receive in excess of such number of Open Offer Shares as would bring its aggregate interest in the Company to more than 29.9 per cent. of the enlarged share capital of the Company immediately following the issue of the Subscription shares and Open Offer Shares |

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## Tex Holdings plc

*(incorporated and registered in England and Wales under number 00405838)*

NOTICE is hereby given that an Extraordinary General Meeting (“EGM”) of Tex Holdings plc will be held at Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk, IP6 0NL on 27 November 2020 at 11.00 a.m. to consider and, if thought fit, pass the following resolutions, of which the resolutions numbered 1, 2 and 3 will be proposed as ordinary resolutions and the resolution numbered 4 will be proposed as a special resolution.

Words and expressions used or defined in the circular to shareholders published by the Company of even date (“**Circular**”) will have the same meaning in this Notice.

### ORDINARY RESOLUTIONS

1. **That**, the waiver granted by the Panel on Takeovers and Mergers described in the Circular of the obligation under Rule 9 of the City Code for the Concert Party (or any member thereof) to make a general offer to the shareholders of the Company as a result of its participation in the Fundraising, the Loan Conversion and the Proposed Share Buyback be and is hereby approved.
2. **That**, conditional upon the passing of Resolution 1 above and in addition to the authority granted under the resolution numbered 7 and proposed at the Company’s Annual General Meeting held on 23 June 2020 (“**AGM**”), the Directors be and they are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (“**Act**”) to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being “**Relevant Securities**”) up to an aggregate nominal amount of £8,300,000 in connection with the Fundraising and the Loan Conversion provided that this power shall expire on 23 November 2021 except that the Company may before the expiry of this power make an offer or agreement which would or might require Relevant Securities or equity securities to be allotted or granted (as applicable) in pursuance of such an offer or agreement as if this power had not expired. Resolution 2 is taken on a poll of independent shareholders as defined in the Circular dated 3 November 2020.
3. **That**, conditional upon the passing of Resolutions 1 and 2, the Company be authorised to purchase up to 3,862,901 Ordinary Shares at 20p per Ordinary Share pursuant to the terms of an agreement or agreements proposed to be made between the Company and certain holders of Ordinary Shares in the capital of the Company provided that the terms of such agreement or agreements are approved by Shareholders for the purposes of, and pursuant to the requirements of, the Act.

### SPECIAL RESOLUTION

4. **That**, (i) conditional upon the passing of Resolutions 1, 2 and 3 and in addition to the authority granted under the resolution numbered 8 and proposed at the AGM, the Directors be and they are empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under section 551 of the Act conferred by Resolution 2 above as if section 561(1) of the Act did not apply to such allotment in connection with the issue of Ordinary Shares in connection with the Fundraising and the Loan Conversion, provided that this power shall expire on 23 November 2021 except that the Company may before the expiry of this power make an offer or agreement which would or might require Relevant Securities or equity securities to be allotted or granted (as applicable) in pursuance of such an offer or agreement as if this power had not expired and (ii) that, with effect from the passing of this resolution, the authorised share capital provision contained in Paragraph 6 of the Company’s memorandum of association be and is hereby revoked, and (iii) that, with effect from the passing of this resolution, the articles of association of the Company be and are hereby amended by the replacement of article 1 A) with the following:

### SHARE CAPITAL

The share capital of the Company is divided into Ordinary Shares of 10p each.

By Order of the Independent Directors

Christian Ross

*Company Secretary*

Dated 3 November 2020

Notes:

**Poll**

1. Resolution 1 will be taken on a poll of the Independent Shareholders. Resolutions 2, 3 and 4 will be taken on a poll of all Shareholders.

**Entitlement to attend and vote**

2. Only those members registered on the Company's register of members at 6.00 p.m. on 25 November 2020 or, if this EGM (the "Meeting") is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to vote at the Meeting. As noted in note 17 below, Shareholders will not be permitted to attend the Meeting and, if they attempt to do so, will be refused entry to the Meeting in line with the Stay at Home Measures.

**Website giving information regarding the Meeting**

3. Information regarding the Meeting is available from [www.tex-holdings.co.uk](http://www.tex-holdings.co.uk)

**Appointment of proxies**

4. If you are a member of the Company at the time set out in note 2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
5. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them. However, given the limitations on physical participation, we recommend that Shareholders appoint the Chairman of the Meeting as their proxy, as physical attendance at the meeting by others will be restricted in line with the Company's articles of association and current guidance and legislation.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please complete and return the enclosed form of proxy and return it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6AH in accordance with the instructions thereon.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

**Appointment of proxy using hard copy proxy form**

8. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6AH in accordance with the instructions thereon; and
- received by Computershare (at the above address) no later than 11.00 a.m. on 25 November 2020.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.



## **Appointment of proxies through CREST**

9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

For a proxy appointment or instructions made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare Investor Services (ID 3RA50) no later than 11.00 a.m. on 25 November 2020, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## **Appointment of proxy electronically via the internet**

10. Shareholders may vote electronically via the internet, by visiting [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). You will be asked to enter the Shareholder Reference Number (SRN), Control Number and PIN shown on your proxy card.

## **Appointment of proxy by joint members**

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

## **Changing proxy instructions**

12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cutoff time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Computershare Investor Services PLC on 0370 707 1339 or if calling from outside the UK on +44 370 707 1339.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

## **Termination of proxy appointments**

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare at the address stated above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Computershare no later than 11.00 a.m. on 25 November 2020.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified, then, subject to the paragraph directly below, your proxy appointment will remain valid.

While, normally, completion of a proxy would not prevent a Shareholder from attending and voting in person, this year it will not be possible to attend the Meeting and it will only be possible to vote by completing a proxy in advance of the Meeting.

## **Corporate representatives**

14. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

### **Issued shares and total voting rights**

15. As at 6.00 p.m. on 2 November 2020, the Company's issued share capital comprised 6,351,452 ordinary shares of 10 pence each. Each ordinary share carries the right to one vote at an EGM of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 2 November 2020 is 6,351,452.

### **Communication**

16. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):

(a) in writing to the Company Secretary, Tex Holdings plc, Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk IP6 0NL;

(b) by email to christian@tex-holdings.co.uk

You may not use any electronic address provided either in this notice of EGM or any related documents (including the Circular and proxy form) to communicate with the Company for any purposes other than those expressly stated.

### **Notice regarding COVID-19**

17. Following the compulsory COVID-19 'Stay at Home Measures' imposed by the UK Government prohibiting, amongst other things, all non-essential travel and large public, the Board will be implementing the following measures in respect of the EGM:

- We expect only Chairman and two shareholder Directors to be in attendance in person at the venue for quorum purposes to conduct the business of the meeting.
- Shareholders will not be permitted to attend the EGM and, if they attempt to do so, will be refused entry to the meeting in line with the Stay at Home Measures.
- Relevant questions related to the EGM from shareholders can be raised in advance of the EGM and, in so far as is relevant to the business of the meeting, will be responded to by email and taken into account as appropriate at the EGM itself.
- Voting at the EGM will be carried out by way of poll so that votes cast in advance and the votes of all shareholders appointing the Chairman of the Meeting as their proxy can be taken into account.
- The results of the EGM will be announced as soon as practicable after it has taken place.

In light of the Coronavirus pandemic, Shareholders are urged to appoint the chairman of the meeting as his or her proxy as, given current Government advice on social gatherings in particular, attendance in person is not advised and members and their proxies shall be refused entry if circumstances permit or require. The Company is actively following developments and will issue further information through an RIS and/or on its website at [www.tex-holdings.co.uk](http://www.tex-holdings.co.uk) if it becomes necessary or appropriate to make any alternative arrangements for the EGM.



