

COVID-19 Trading Update
31 March 2020

The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Dewhurst PLC

("Dewhurst", the "Group" or the "Company")

COVID-19 Trading Update

In the light of the rapidly evolving situation resulting from the spread of COVID-19 and its development into a global pandemic, Dewhurst today provides an update on current trading and operations. Our priority remains the health, safety and well-being of our employees and essential support for our customers.

Current Trading and Operations

In the first five months of the current financial year to 29 February 2020 there was no material COVID-19 impact on overall Group trading, although Hong Kong revenues started to be affected. During March Dewhurst saw the impact gradually spread to other locations. Overall first half revenues are now expected to be approximately £28 million (HY19 revenue: £28 million, restated to exclude TVC which was sold on 30 September 2019).

Employees and customers

Our overriding objective is to maintain the safety of our employees. We have followed national and, where appropriate, regional government advice and restrictions in the countries where we operate. However, where it has been deemed safe to do so, the Company has continued its sales and manufacturing operations in order to provide support to our customers. This is gradually getting more difficult. International travel and transport are severely restricted, which affects our ability to resupply our overseas operations with components. We are reviewing our arrangements from day to day as, clearly, the situation is fast changing. We are operating flexible working arrangements wherever possible and have increased the provision of equipment to enable office-based employees to work from home. We have restricted travel and face-to-face meetings but maintained employee contact through increased use of Office 365 Teams and other conferencing facilities. We have enforced health and hygiene practices and are regularly reinforcing and reminding employees of these protocols.

Board Actions Taken

Clearly the main concern beyond employee welfare and customer support is the impact of the COVID-19 pandemic on the long-term security of the Group. To mitigate the effects of the pandemic the Board has made several decisions to reduce costs and contain cash outflow including the following:

- Over the last week it became increasingly difficult for Dewhurst UK to maintain normal production as more of its suppliers and customers closed their doors and staff numbers reduced due to staff self-isolating at home. Accordingly, Dewhurst has taken the decision to close operations at Dewhurst UK. In the UK, A&A and TMP currently remain open albeit with a

reduced workforce. It is anticipated that similar action may become necessary in the Group's other operations in time, if greater restrictions come into force in other countries in which the Group operates.

- We are restricting discretionary spending and non-committed capital expenditure. For now, the development of Dupar's new premises discussed in the 2019 financial statements is continuing as this was contracted and committed to at the start of 2020 but pause points within the construction contract will be regularly reviewed.
- We are considering appropriate cost saving initiatives, whilst seeking to protect our talented workforce and being careful not to compromise the long-term prospects of the business.
- We are also evaluating and, where sensible, implementing government support measures available in the jurisdictions in which we operate.

Strong Cash Balance Sheet

Dewhurst has a strong balance sheet, is well financed and remains debt free and is therefore well positioned to navigate the COVID-19 pandemic. The Group had c.£17m of cash as at 30 September 2019 and cash flow in the first six months of the year was in line with management's expectations. We currently expect to have sufficient liquidity from existing resources to meet our needs through the remainder of this financial year.

Dividends

The Board hopes to maintain Dewhurst's dividend policy for the year ending 30 September 2020, however this will depend on the length and severity of business disruption and the outlook for the remainder of the year. We will make a decision on whether this is sustainable at the normal time on the announcement of our half year results.

Outlook

Given the unprecedented levels of uncertainty at this time and the lack of clarity on the duration of business interruption, all previous guidance on the Group's future performance is being withdrawn. An update will be provided once there is greater certainty on the trading environment and the impact of COVID-19 on the Group. The Board remains confident in the long-term strong business fundamentals of the Group.

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