

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser. The whole of the text of this document should be read.

If you have sold or transferred all of your ordinary shares in the capital of the Company ("**Ordinary Shares**"), prior to the ex-entitlement date for the Open Offer, send this document to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of Ordinary Shares you should retain these documents.

Application will be made for the Placing Shares, Subscription Shares and Open Offer Shares to be admitted to trading on the AIM Market operated by London Stock Exchange Plc ("**AIM**"). It is expected that admission to AIM will become effective and that dealings in the Firm Placing Shares and the Subscription Shares will commence on 7 May 2024, and the Conditional Placing Shares and Open Offer Shares will commence on 24 and 28 May 2024 respectively. AIM is a market designed primarily for emerging and smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consulting with an independent financial adviser.

This document is not, and is not required to be, a prospectus for the purposes of the Prospectus Regulation Rules in accordance with sections 85 and 86 of FSMA and has not been prepared in accordance with the Prospectus Regulation Rules. Accordingly, neither the London Stock Exchange Plc nor the FCA has examined or approved the contents of this document.

The Company and the Directors, whose names are set out on page 12, accept responsibility (both individually and collectively) for the information set out in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Surface Transforms plc

(incorporated in England and Wales with registered number 3769702)

Placing and Subscription of 650,000,000 New Ordinary Shares at 1 pence per share

Open Offer of up to 200,000,000 New Ordinary Shares at 1 pence per share and Notice of General Meeting

A notice convening a General Meeting of the Company to be held at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester M2 4WU on 23 May 2024 at 11.00 a.m. is set out on pages 55 and 56 of this document. A Form of Proxy is enclosed with this document. **To be valid, the Form of Proxy for use at the General Meeting must be completed and returned so as to be received at the offices of the Company's registrars, PXS1, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL not later than 11.00 a.m. on 21 May 2024.**

This document does not constitute an offer of securities and accordingly is not a prospectus, neither does it constitute an admission document drawn up in accordance with the AIM Rules.

Zeus Capital Limited ("**Zeus**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no-one else in connection with the proposed Placing, Subscription and Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Zeus, or for providing advice in relation to the proposed Placing, Subscription and Open Offer. Zeus will not regard any other person as their customer nor be responsible to any other person for providing the protections afforded to customers of Zeus nor for providing advice in relation to the transactions detailed in this document or in relation to such proposals generally. Zeus is not making any representation or warranty, express or implied, as to the content of this document. No liability is accepted by Zeus for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document for which the Directors and the Company are responsible. Zeus has not authorised the contents or any part of this document.

Cavendish Capital Markets Limited ("**Cavendish**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no-one else in connection with the proposed Placing, Subscription and Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cavendish, or for providing advice in relation to the proposed Placing, Subscription and Open Offer. Cavendish will not regard any other person as their customer nor be responsible to any other person

for providing the protections afforded to customers of Cavendish nor for providing advice in relation to the transactions detailed in this document or in relation to such proposals generally. Cavendish is not making any representation or warranty, express or implied, as to the content of this document. No liability is accepted by Cavendish for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document for which the Directors and the Company are responsible. Cavendish has not authorised the contents or any part of this document.

The Open Offer closes at 11.00 a.m. on 23 May 2024. If you are a Qualifying Shareholder and want to apply for Open Offer Shares under the Open Offer you should follow the procedure set out in Part III of this document and, where relevant, complete and return the Application Form which will be posted on 3 May 2024.

None of the Open Offer Entitlements, the Application Form or this document may be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States or to any US person. None of the Open Offer Entitlements, the Application Form or this document constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any US person. Securities may not be offered or sold in the United States absent: (i) registration under the US Securities Act 1933, as amended; or (ii) an available exemption from registration under the US Securities Act 1933, as amended. The securities mentioned herein have not been, and will not be, registered under the US Securities Act 1933, as amended, and will not be offered to the public in the United States.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The Ordinary Shares have not been, and the New Ordinary Shares will not be, qualified for sale under the laws of Canada, Australia, the Republic of South Africa, New Zealand or Japan and may not be offered or sold in Canada, Australia, the Republic of South Africa, New Zealand or Japan or to any national, resident or citizen of Canada, Australia, the Republic of South Africa, New Zealand or Japan. Neither this document nor any copy of it may be sent to or taken into the United States, Canada, Australia, the Republic of South Africa, New Zealand or Japan. In addition, the securities to which this document relates must not be marketed or sold into any jurisdiction where to do so would be unlawful.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this document you agree to be bound by the foregoing instructions and limitations.

The information contained in this document has been prepared solely for the purposes of the Placing, Subscription and Open Offer and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

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DEFINITIONS

“Act”	the Companies Act 2006 (as amended);
“AIM”	a market of that name operated by London Stock Exchange Plc;
“AIM Rules”	the AIM Rules for Companies as published by London Stock Exchange Plc from time to time;
“Application Form”	the personalised application form that will be posted on 3 May 2024 for use by Qualifying Shareholders in connection with the Open Offer;
“Brembo SGL”	Brembo SGL Carbon Ceramic Brakes S.p.A;
“Business Day”	means a day (excluding Saturdays, Sundays and statutory holidays) on which banks are open for business in the City of London;
“Cavendish”	means, Cavendish Capital Markets Limited a company incorporated in England and Wales with company number 06198898, authorised and regulated by the FCA, and for the purpose of trade settlement in the Placing means, Cavendish Securities plc a company incorporate in England and Wales with company number 05210733, authorised and regulated by the FCA;
“CCSS”	the CREST Courier and Sorting Service, established by Euroclear to facilitate, <i>inter alia</i> , the deposit and withdrawal of certificated securities;
“Circular”	this circular to Shareholders dated 3 May 2024;
“Company” or “Surface Transforms”	Surface Transforms plc;
“Conditional Placing”	the proposed conditional placing by Zeus and Cavendish of the Conditional Placing Shares at the Issue Price;
“Conditional Placing Admission”	admission of 569,422,256 New Ordinary Shares pursuant to the Conditional Placing to trading on AIM becoming effective in accordance with the AIM Rules, expected to be on 24 May 2024;
“Conditional Placing Shares”	the 569,422,256 New Ordinary Shares which have been conditionally placed by Zeus and Cavendish pursuant to the Conditional Placing;
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear;
“CREST Manual”	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterparty Service Manual, the CREST Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedures and the CREST Glossary of Terms, as published by Euroclear from time to time;
“CREST member”	a person who has been admitted to CREST as a system-member (as defined in the CREST Regulations);

“CREST member account ID”	the identification code or number attached to a member account in CREST;
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
“CREST participant ID”	shall have the meaning given in the CREST Manual issued by Euroclear;
“CREST payment”	shall have the meaning given in the CREST Manual issued by Euroclear;
“CREST Regulations”	the Uncertificated Securities Regulations 2001(SI 2001/3755) (as amended);
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member;
“Directors” or “Board”	the directors of the Company at the date of this document whose names are set out on page 12 of this document;
“Enlarged Share Capital”	the number of Ordinary Shares in issue following completion of the Fundraising;
“EU”	the European Union;
“Euroclear”	Euroclear UK & International Limited;
“EV”	electric vehicle;
“ERDF”	European Regional Development Fund;
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for any number of Open Offer Shares in excess of their Open Offer Entitlement provided that they have agreed to take up their Open Offer Entitlement in full;
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement (in addition to his Open Offer Entitlement) to apply for Open Offer Shares pursuant to the Excess Application Facility, which is conditional on him taking up his Open Offer Entitlement in full;
“Existing Ordinary Shares”	the 352,072,638 Ordinary Shares in issue at the date of this document;
“Existing Shareholders”	existing Shareholders of the Company at 1 May 2024;
“FCA”	the Financial Conduct Authority;
“Firm Placing”	the firm placing by Zeus and Cavendish of the Firm Placing Shares at the Issue Price;
“Firm Placing Admission”	admission of 80,577,744 New Ordinary Shares pursuant to the Firm Placing and Subscription to trading on AIM becoming effective in accordance with the AIM Rules, expected to be on 7 May 2024;
“Firm Placing Shares”	the 58,727,744 New Ordinary Shares which have been placed by Zeus and Cavendish pursuant to the Firm Placing;

“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the GM;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“Fundraising”	the Placing, Subscription and Open Offer;
“GM” or “General Meeting”	the general meeting of the Company convened for 11.00 a.m. on 23 May 2024 and any adjournment thereof, notice of which is set out at the end of this document;
“HMRC”	HM Revenue and Customs;
“ISIN”	International Securities Identification Number;
“Issue Price”	1 pence per Ordinary Share;
“JerseyCo”	Bumblebee Finance (Jersey) Limited a new Jersey-incorporated subsidiary of the Company which has its registered office at 47 Esplanade, St Helier, Jersey JE1 0BD and registered company number is 154104;
“Joint Brokers”	Zeus and Cavendish;
“Link Group”	a trading name of Link Market Services Limited;
“Loan Facility”	the £13.2 million capital expenditure loan facility agreement;
“Money Laundering Regulations”	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended;
“New Ordinary Shares”	the new Ordinary Shares to be issued by the Company pursuant to the Fundraising;
“OEM”	original equipment manufacturer;
“Official List”	the Official List of the FCA;
“Open Offer”	the offer to Qualifying Shareholders, constituting an invitation to apply for the Open Offer Shares on the terms and subject to the conditions set out in this document and, in the case of non-CREST Qualifying Shareholders, in the Application Form;
“Open Offer Admission”	the admission of the Open Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules;
“Open Offer Entitlement”	an entitlement of a Qualifying Shareholder, pursuant to the Open Offer, to apply for 1 Open Offer Share for every 1.760363190 Existing Ordinary Shares held by the Qualifying Shareholder at the Record Date;
“Open Offer Shares”	up to 200,000,000 New Ordinary Shares (subject to the Board’s discretion to increase the size of the Open Offer) which are the subject of the Open Offer;
“Open Offer Admission”	admission of up to 200,000,000 New Ordinary Shares pursuant to the Open Offer to trading on AIM becoming effective in accordance with the AIM Rules, expected to be on 28 May 2024;
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company;

“Overseas Shareholders”	Shareholders who are resident in or a citizen or national of any country outside the United Kingdom;
“PCP”	prospective contract pipeline;
“PDMR”	person discharging managerial responsibility;
“Placees”	the subscribers for Placing Shares pursuant to the Placing;
“Placing”	the Conditional Placing and the Firm Placing;
“Placing Agreement”	the conditional placing agreement dated 1 May 2024 between (1) the Company (2) Zeus and (3) Cavendish;
“Placing Shares”	the 628,150,000 New Ordinary Shares pursuant to the Conditional Placing and Firm Placing;
“Proposals”	the proposals set out in this document;
“Prospectus Regulation Rules”	the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA;
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares in uncertificated form via CREST;
“Qualifying non-CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares in certificated form;
“Qualifying Shareholders”	Shareholders whose Ordinary Shares are on the register of members of the Company at the close of business on the Record Date with the exclusion (subject to exemptions) of persons with a registered address or located or resident outside the United Kingdom;
“Receiving Agent” or “Registrar”	Link Group;
“Record Date”	close of business on 1 May 2024;
“Regulatory Information Service”	a service approved by the FCA for the distribution to the public of AIM announcements and included within the list on the website of the FCA;
“Resolutions”	the resolutions to be proposed at the GM, details of which are set out in the notice of General Meeting set out at the end of this document;
“Restricted Jurisdiction”	each and any of the United States, Australia, Canada, Japan, New Zealand, the Republic of South Africa and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law;
“Shareholders”	holders of Ordinary Shares;
“SOP”	start of production;
“sq ft”	square feet;
“Subscription”	the private subscription at the Issue Price by each of Matthew Taylor, David Bundred, Kevin Johnson, Ian Cleminson, Julia Woodhouse, Isabelle Maddock and Stephen Easton, directly with the Company for the Subscription Shares pursuant to the Subscription Letters;

“Subscription Letters”	the letters to be entered into between the Company and each of Matthew Taylor, David Bundred, Kevin Johnson, Ian Cleminson, Julia Woodhouse, Isabelle Maddock and Stephen Easton;
“Subscription Shares”	the 21,850,000 New Ordinary Shares which are to be issued by the Company at the Issue Price pursuant to the Subscription;
“Subscription and Transfer Agreements”	the subscription and transfer agreements detailed in Part I: “Letter from the Chairman” of this document;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia; and
“Zeus”	Zeus Capital Limited.

A reference to £ is to pounds sterling, being the lawful currency of the UK.

A reference to \$ or US dollars is to United States dollars, being the lawful currency of the US.

A reference to € or Euro is to the lawful currency of the Euro area.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Open Offer	close of business on 1 May 2024
Announcement of the Fundraising	5.00 p.m. on 1 May 2024
Publication of the Circular, Form of Proxy and Application Form	3 May 2024
Ex-entitlement date for the Open Offer	8.00 a.m. on 7 May 2024
Firm Placing Admission	7 May 2024
CREST members' accounts credited in respect of Firm Placing Shares and Subscription Shares in uncertificated form	as soon as possible after 8.00 a.m. on 7 May 2024
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders	as soon as possible after 8.00 a.m. on 8 May 2024
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 17 May 2024
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements in to CREST	3.00 p.m. on 20 May 2024
Latest time and date for receipt of the Form of Proxy	11.00 a.m. on 21 May 2024
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 21 May 2024
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 23 May 2024
General Meeting	11.00 a.m. on 23 May 2024
Announcement of the results of the General Meeting	23 May 2024
Announcement of the result of the Open Offer	24 May 2024
Admission and commencement of dealings in the Conditional Placing Shares	8.00 a.m. on 24 May 2024
CREST members' accounts credited in respect of Conditional Placing Shares in uncertificated form	as soon as possible after 8.00 a.m. on 24 May 2024
Admission and commencement of dealings in the Open Offer Shares	8.00 a.m. on 28 May 2024
CREST members' accounts credited in respect of Open Offer Shares in uncertificated form	as soon as possible after 8.00 a.m. on 28 May 2024
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	3 June 2024

If you have any queries on the procedures for application under the Open Offer, you should contact the Receiving Agent, Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

All times are London times and each of the times and dates are subject to change. If any of the details contained in the timetable above should change, the revised time and dates will be notified to Shareholders by means of a Regulatory Information Service announcement. Certain of the events in the above timetable are conditional upon, *inter alia*, the approval of the Resolutions to be proposed at the General Meeting. The timetable above assumes that the Resolutions are passed at the General Meeting without adjournment.

PLACING & SUBSCRIPTION STATISTICS

Number of Existing Ordinary Shares	352,072,638
Issue Price	1p
Number of Firm Placing Shares	58,727,744
Number of Conditional Placing Shares	569,422,256
Number of Subscription Shares	21,850,000
Number of Ordinary Shares in issue enlarged by the Placing and Subscription	1,002,072,638
Amount, after expenses, being raised under the Placing and Subscription	£6.0 million

OPEN OFFER STATISTICS

Issue Price	1p
Number of Open Offer Shares*	200,000,000
Number of Ordinary Shares in issue immediately following the Fundraising*	1,202,072,638
Percentage of Placing Shares, Subscription Shares and Open Offer Shares out of the Enlarged Share Capital*	71 per cent.
Amount, after expenses, being raised under the Open Offer*	£2.0 million
Market capitalisation of the Company at the Issue Price upon Conditional Placing and Open Offer Admission*	£12.0 million

* on the assumption the Open Offer of 200,000,000 Open Offer Shares at the Issue Price is taken up in full by Qualifying Shareholders

TIDM	SCE
ISIN	GB0002892528
SEDOL	0289252
LEI	2138007L822RL2CXMV34
Temporary ISIN for any basic entitlement under the Open Offer	GB00BQMHN237
Temporary ISIN for any excess application under the Open Offer	GB00BQMHN344

PART I:

LETTER FROM THE CHAIRMAN

Surface Transforms plc

(incorporated in England and Wales with registered number 3769702)

Directors

David Bundred *(Non-executive Chairman)*
Dr Kevin Johnson *(Chief Executive Officer)*
Isabelle Maddock *(Chief Financial Officer)*
Matthew Taylor *(Non-executive Director)*
Julia Woodhouse *(Non-executive Director)*
Ian Cleminson *(Non-executive Director)*

Registered Office

Image Business Park
Acornfield Road
Knowsley Industrial Park
Liverpool
L33 7UF

3 May 2024

To Shareholders and, for information purposes only, to the holders of options over Ordinary Shares

Introduction

On 2 May 2024, Surface Transforms announced that it had raised £0.8 million (before expenses) by means of the Firm Placing and Subscription, and that it had conditionally raised a further £5.7 million (before expenses) by means of the Conditional Placing, at 1 pence per New Ordinary Share. The Placing has been conducted by Zeus and Cavendish as agents for the Company. In addition, the Company is making an Open Offer to Qualifying Shareholders. The Conditional Placing and Open Offer are conditional, *inter alia*, on the passing of the Resolutions, Conditional Placing Admission occurring by no later than 8.00 a.m. on 24 May 2024 and Open Offer Admission occurring by no later than 8.00 a.m. on 28 May 2024 (or such later date(s) as the Company and the Joint Brokers may agree, being no later than 8.00 a.m. on 11 June 2024).

The existing allotment authorities available to the Board which were obtained at a general meeting of the Company held on 18 December 2023, enable the Directors to issue up to 80,577,744 Ordinary Shares on a non-pre-emptive basis. The Firm Placing will be effected by way of a cashbox placing of New Ordinary Shares for non-cash consideration, further details of which are set out below. The cashbox placing structure is being used due to the Issue Price being at a substantial discount, which would otherwise limit the net proceeds receivable by the Company given the existing allotment authorities available to the Board for issuing Ordinary Shares on a non-pre-emptive basis for cash. The Board notes however that shareholder approval will be sought for the Conditional Placing and Open Offer. The Company is committed to its Existing Shareholders and to give them the opportunity to participate in the further issue of new Ordinary Shares, Existing Shareholders (to the extent that they are Qualifying Shareholders) are being given the opportunity to participate in the Open Offer.

The purpose of this letter is to provide you with further information on the Placing, Subscription and the Open Offer. A notice convening a GM to consider the Resolutions required to give effect to the Conditional Placing, and Open Offer is set out at the end of this document. The GM will be held at 11.00 a.m. on 23 May 2024.

Background to and reasons for the Fundraising

Surface Transforms has announced a Placing and Subscription raising gross proceeds of £6.5 million, together with an Open Offer to raise up to £2.0 million (before expenses). The net proceeds of the Fundraising will be used for immediate working capital requirements and to support existing operations and the manufacturing scale-up.

It is important to note that Surface Transforms already has a secured and prospective customer pipeline for approximately £700 million¹ of sales, of which approximately £390 million² is contracted. Over the next three years (and potentially beyond), Surface Transforms expect to be able to sell as many discs as it can manufacture. Related to which, the Board continues to target increasing factory capacity to £75 million³ sales per annum over the next few years with a medium-term target of £150 million³ per annum. However, and as recent trading statements released by the Company have shown, improving manufacturing resilience is at least as important as the capacity scale-up, and operational management, led by the Company's Chief Executive, Kevin Johnson and new Chief Operating Officer, Stephen Easton, are addressing this.

The Company raised £11.0 million (gross) in Q4-2023 with the expectation that the net proceeds of that fundraising (together with the £13.2 million Loan Facility entered into in December 2023) and estimated future operating cash inflows, would be sufficient to deliver an expanded plant capable of delivering the medium-term target of £150 million³ sales per annum. Due to a combination of factors, which are described further below, this is not currently the case, and the Company requires the net proceeds from the Fundraising for short-term working capital purposes, which once resolved, will mean the medium-term opportunity can once again be fully focused upon and delivered.

The Board is acutely aware of shareholder frustrations with the need for this Fundraising, not least given the proximity to the previous equity fundraise completed by the Company in Q4-2023, but the Directors do therefore want to remind Shareholders of:

- the automotive market drivers and recent progress with the Company's OEM customers;
- the Company's manufacturing strategy including progress on installing new capacity; and
- how such drivers and progress translate into recent and forecast

revenues, which are considered in turn in more detail below.

Finally, each member of the Board and one non-Board PDMR have subscribed for New Ordinary Shares pursuant to the Subscription, in aggregate, investing £218,500. The Directors have also irrevocably undertaken to vote in favour of all the Resolutions to be proposed at the General Meeting in respect of their own beneficial holdings amounting to in aggregate 5,402,757 Ordinary Shares, representing approximately 1.53 per cent. of the Existing Ordinary Shares.

Automotive market drivers

Surface Transforms produce lightweight carbon ceramic brake discs for the automotive industry. Historically, iron discs have been utilised. However, there are compelling drivers for the increasing adoption of carbon ceramic brakes, with the likes of AMG, Aston Martin, Audi, Bentley, BMW, General Motors, Ferrari, Jaguar Land Rover, Lamborghini, Lucid, Koenigsegg, McLaren, Nissan, Porsche, Tesla and VW who are now offering carbon ceramic brakes on selected vehicles.

The drivers for the adoption of carbon ceramic brakes are multi-faceted and include:

- *Technological:* carbon ceramic discs provide superior braking performance than iron discs being both stronger and more durable as well as being able to dissipate more heat – increased heat evacuation reduces the brake temperature which improves performance. In addition, carbon ceramic discs can be up to 70 per cent. lighter – in certain instances each carbon ceramic brake disc is 25 kg lighter resulting in a total chassis weight reduction of 100 kg;
- *Environmental:* reduced chassis weight results in lower CO2 emissions. In addition, carbon ceramic discs produce significantly less brake pad dust pollution than iron discs, an increasingly important issue for regulators;

¹ Based on the Directors' expectations of existing customer contracts and their understanding of the relevant OEM's production plan and estimated demand for discs.

² Based on the Directors' expectations and their understanding of the relevant OEM's production plan and estimated demand for discs, taking into account the expected lifetime revenue from the Company's contract(s) with each OEM

³ Based on the Directors' estimates of sales proceeds from expected production volumes.

- *Competition:* Brembo SGL are currently the leading carbon ceramic brake disc manufacturer by volume and have historically enjoyed a near monopolistic position. Automotive OEMs desire de-risked supply arrangements wherever possible. The Board consider Surface Transforms to be the only credible alternative supplier of carbon ceramic brakes to Brembo SGL, and anticipate this to be the situation for some time;
- *Lifetime and total cost of ownership:* Carbon ceramic discs last approximately four times longer than iron discs. This increased service life therefore has a commensurate reduction in the total cost of ownership;
- *Quality:* Carbon ceramic discs provide enhanced handling, comfort and performance compared with heavier iron discs. Furthermore, carbon ceramic discs materially reduce the prospect of galvanic corrosion, a safety concern for grey iron discs on EVs;
- *Aesthetics:* Carbon ceramic discs are desirable, especially when combined with colourful calipers, and because they do not corrode like iron discs, they generate significantly less brake dust resulting in cleaner wheels, and unlike iron discs do not rust;
- *Shift to EV:* The EV market is becoming more prominent in the wider automotive space, led by stringent rules in the EU, California and Japan to reduce carbon emissions. In addition to the above, weight saving on EVs can lead to smaller and potentially cheaper batteries.

While there are substantial market drivers outlined above, the considerable testing requirements of the OEMs continue to limit the competition. Surface Transforms is currently taking market share from both Brembo SGL and iron disc manufacturers, and expects to continue to win new contracts during the coming years.

Progress with OEM customers

Surface Transforms' growth continues to be driven by contracting directly with OEMs to supply carbon ceramic brake discs for upcoming models. The Company has 12 nominated OEM contracts, with an expected total lifetime value of £390 million⁴, equating to £79 million⁵ per annum. This includes the most recent nomination with OEM 10, expected to result in £100 million⁶ of lifetime value.

Of the 12 nominated OEM contracts, five are in a multi-year revenue generation phase with the remaining contracts expected to enter SOP at regular intervals between now and 2027.

In addition, expected revenue continues to grow through "follow on" contracts, in which OEM customers use existing product approvals on their future models.

The Company's strategy is to achieve annual revenue of £100 million⁷ within the next five years, with a PCP of £300 million, which includes other potential customers alongside awarded and nominated contracts.

Whilst there can be no guarantee that Surface Transforms will be awarded any further supply contracts to any of the OEMs or, even if awarded, what the actual vehicle volumes will transpire to be, the Board note their continuing success winning new contracts, particularly follow on contracts.

Whilst Surface Transforms can fulfil its existing supply contracts through existing, and planned increases in manufacturing capacity through 2024 and 2025 at the Company's Knowsley facility, there remains insufficient resilience and future capacity expansion will be required to deliver the PCP, should these be converted into actual contract awards.

⁴ Based on the Directors' expectations and their understanding of the relevant OEM's production plan and estimated demand for discs, taking into account the expected lifetime revenue from the Company's contract(s) with each OEM

⁵ Based on the Directors' expectations, their understanding of the relevant OEMs production plans and an assumed disc demand

⁶ The Directors believe that based on existing customer contracts and PCPs, the current capacity will not provide the required production capacity to meet demands from OEMs

⁷ Based on the Directors' expectations of sales proceeds from expected production volumes for existing customer contracts and PCPs.

Manufacturing strategy

During Q1 2024, the Company continued to progress its three-phased manufacturing capacity scale-up, building on Phase 1 which provides a revenue capacity of £20 million per annum.

The Company has commenced Phase 2, which is expected to increase production capacity to £75 million⁸ per annum by 2025, with a capital cost of £14 million. Phase 2 comprises two parts, with Part 1 anticipated to be available for production in 2024 and Part 2 remaining on course to be completed and available for production in 2025. Part 1 will increase production capacity to £50 million⁸ per annum, helping support 2024 customer demand and provide the necessary resilience to mitigate the risk of and/or overcome single points of failure. The Company has to date invested £6 million into Phase 2, with the balance to be financed by the Loan Facility which was secured in December 2023.

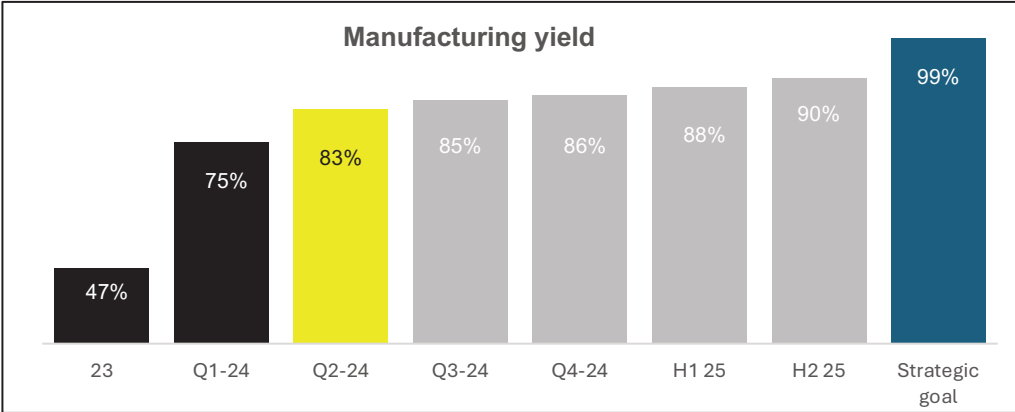
Phase 3 of the manufacturing strategy is to increase revenue to £150 million⁸ per annum through the expansion of the factory on an adjacent 2 acre site. Phase 3 is expected to be completed by 2027, with an expected capital cost of £30 million, being financed by the Loan Facility and retained cash flows generated from operations.

Progress on installing Phase 2 new capacity

Part 1 of Phase 2 is proceeding to plan with all but one of the furnaces to be on site by mid-2024. The last furnace is slightly delayed, not due to an issue with the furnace itself, but due to protracted negotiations regarding the site expansion including the positioning of this last furnace, which have now concluded.

Capacity increases can also be achieved by internal work on already installed furnaces which can, over time, be substantial. The Company has a number of internal work projects underway; they are progressing well and form part of 2024 capacity contingency plans.

Manufacturing yield

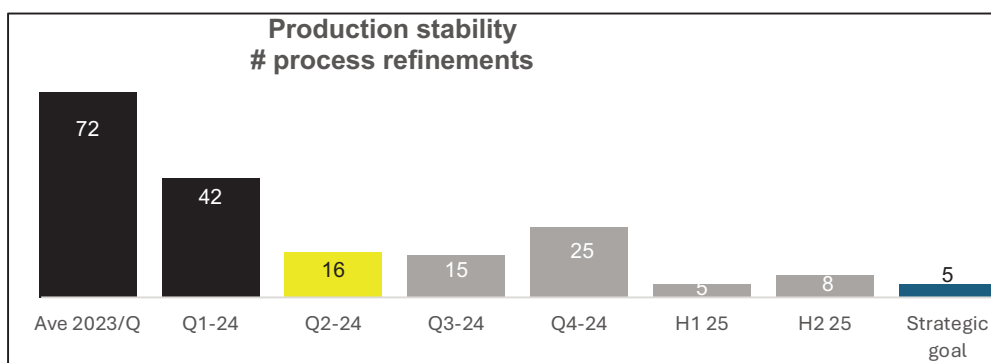


As described in the section below, production has been constrained with manufacturing yields too low, due to high scrappage rates, primarily in Q1-2024. A dedicated team, overseen by Stephen Easton, Chief Operating Officer, have completed a large number of process refinements during FY 2023 and Q1 2024, as shown in the below chart. Moreover, there remains a detailed programme of further quarterly initiatives to be performed throughout 2024 and 2025.

Production stability

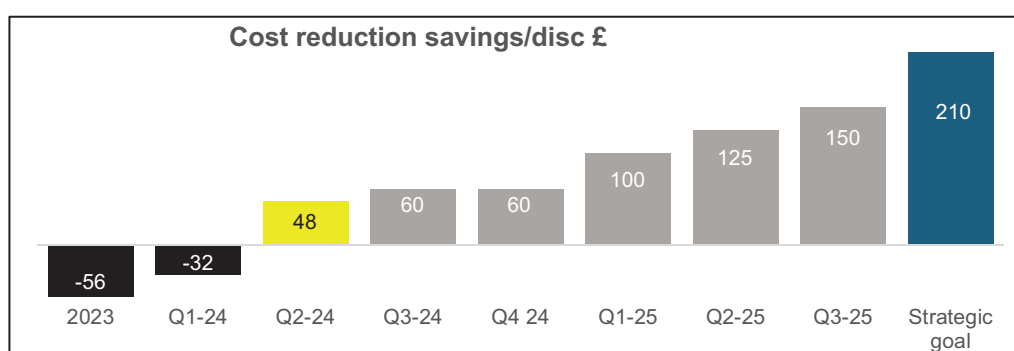
Process refinements have been introduced and managed to address the objectives of building capacity, improving yield and reducing costs. The vast majority of these refinements for FY 2024 and beyond have already been explicitly identified, which combined with recent successful implementations, gives management confidence that these further process improvements will generate improved manufacturing yields during FY 2024 and FY 2025, enhance capacity and reduce costs.

⁸ Based on the Directors’ estimates of sales proceeds from expected production volumes.



Cost reductions

The above initiatives as well as other specific projects will enable the Company to reduce manufacturing costs per disc, as set out in the chart below:



Utilisation of proceeds for the six months to 31 March 2024

The Company raised net proceeds of £10.1 million in Q4-2023 which have primarily been utilised against management budgets at the time, as follows:

Foregone contribution from missed sales during FY 2024 to date	£1.5 million
Combined cost of scrappage, both foregone contribution of lost sales and sunk cost of production through to point of scrappage	£2.4 million
Increased development and other overhead costs supporting scale-up, including tooling and repairs and maintenance to resolve certain single points of failure but particularly in understanding and conducting programmes to reduce scrappage rates	£1.2 million
Loan Financing – timing differences to originally assumed cash phasing	£3.5 million
Positive working capital variance – linked to Q1-2024 activity being lower than originally forecast	(£1.9 million)

The combination of the above factors, namely foregone sales contribution, increased costs and certain adverse timing differences, have resulted in the Company being working capital constrained.

Reasons for the Fundraising

For the reasons set out above, the Company has and expects to continue to be working capital constrained in the absence of a cash injection. Accordingly, the proposed Placing and Subscription raising net proceeds of approximately £6 million will support the immediate working capital requirements of the Company, both in terms of existing operations, but also the Phase 2 manufacturing scale-up. Any excess raised pursuant to the Open Offer will provide additional working capital headroom. The Company does not currently anticipate requiring any further external funding for future expansion up to and including Phase 3 of the manufacturing scale-up but will likely explore non-equity options in the first instance should any further external funding be required.

The Board has considered various options to address this short term working capital constraint and concluded that an equity fundraising is the optimal solution, acknowledging that at the Issue Price, the proposed Placing and Subscription will be significantly dilutive to Existing Shareholders. Accordingly, the Board has proposed the Open Offer to allow its supporting Existing Shareholders (who are also Qualifying Shareholders) the opportunity to participate in the Fundraising through the Open Offer and minimise dilution.

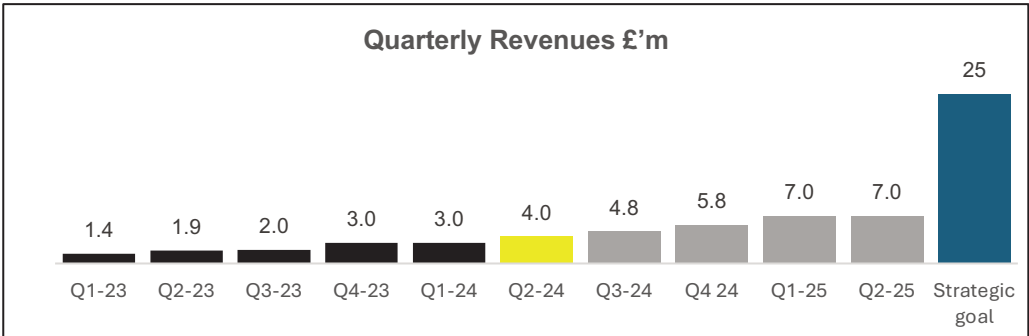
Trading update and outlook

As recently reported in the Company’s RNS announcement on 17 April 2024 entitled “2024 Sales Outlook”, sales are anticipated to grow between 111 – 165 per cent. in 2024 (compared to FY 2023 sales of £8.3 million) resulting in a projected FY 2024 range of £17.5 million to £22 million sales.

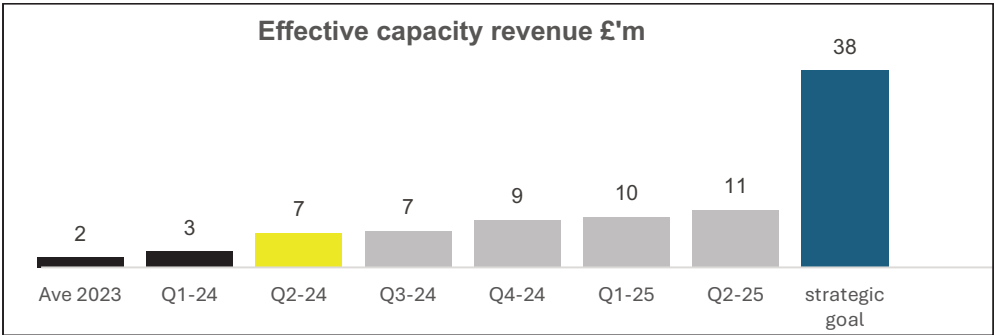
Sales were constrained in Q1-2024 due primarily to continuing high levels of scrap from processes that are not yet fully capable. Significant progress has been made in reducing scrap and this is expected to continue through 2024, unlocking further capacity. Similarly, progress on expanding the Company’s capacity during 2024 is advancing. These three activities are all boosting sales which the Board maintain will drive the Company’s rapid growth during the year.

Management have detailed plans in place to continue to drive all three areas with the pace of progress determining a current spread in expected revenues for FY 2024 of between £17.5 million and £22 million. With continuing improvements in scrappage rates and generally better visibility on customer deliveries, the Board expect this sales range to narrow, and the Company will provide updates on progress throughout the year.

The Company’s ambition remains generating revenues of £100 million⁹ per annum within the next five years. The below chart sets out actual FY 2023 and Q1 2024 revenues together with management expectations through Q2 2025, set against the targeted £25 million quarterly revenue:



These quarterly revenues (above) need to be viewed against the effective revenue capacity of the Company during the same period (as set out in the below chart):



⁹ Based on the Directors’ expectations of sales proceeds from expected production volumes for existing customer contracts and PCPs.

Sales in Q1 2024 were £3.0 million. Accepting that £3.0 million maintained the Company's quarterly revenue rate rather than increases it, sales in Mar-24 were £1.5 million. Furthermore, significant improvements in the underlying operational performance, led by Stephen Easton, Chief Operating Officer, have also been achieved. The single point of failure capacity constraints have now, almost all, been resolved, the revised maintenance procedures and continuing operator training have significantly improved plant availability, and performance.

The Company has also agreed revised 2024 delivery schedules with all customers that progressively pull back arrears. The Company is broadly keeping to these schedules and the Board are of the view that the customer situation is stable.

In April 2024, the Company agreed revised financial covenants for the Loan Facility, with updated banking documentation currently being prepared. Management's low-case estimates (with FY24 sales of £17.5 million) include approximately £10.45 million total use of the Loan Facility by the end of the two-year drawdown period ending 31 December 2025. Under such scenario, management anticipate they would request an extension of the Loan Facility to utilise any undrawn amounts during FY26. If the financial performance of the Company exceeds this low-case forecast, management expect the full £13.2 million will be drawn down.

Board change

David Bundred, Chairman, has confirmed that after 12 years on the Board, he intends to retire from this role in 2024. A search process has now started, led by Julia Woodhouse, independent non-executive director. Further updates will be provided in due course.

The Placing and Subscription

Zeus and Cavendish, as agents for the Company, have, pursuant to the Placing Agreement, placed the Firm Placing Shares and the Conditional Placing Shares at the Issue Price. The Company has consequently raised £0.8 million (before expenses) pursuant to the Firm Placing and Subscription and has conditionally raised a further £5.7 million (before expenses) pursuant to the Conditional Placing. The Placing Shares and the Subscription Shares are not subject to clawback.

The Placing Shares and the Subscription Shares, when issued and fully paid, will rank equally in all respects with the Existing Ordinary Shares.

The Firm Placing will be effected by way of a cashbox placing of New Ordinary Shares for non-cash consideration. The cashbox structure is expected to have the effect of providing the Company with the ability to realise distributable reserves approximately equal to the net proceeds of the Firm Placing less the nominal value of the Firm Placing Shares issued by the Company.

Zeus will, pursuant to the Subscription and Transfer Agreements, subscribe for redeemable preference shares in Bumblebee Finance (Jersey) Limited a new Jersey-incorporated subsidiary of the Company ("**JerseyCo**") in an amount equal to the gross proceeds of the Firm Placing. Monies received from Placees taking up Firm Placing Shares will be applied by Zeus to subscribe for redeemable preference shares in JerseyCo.

The Company will allot and issue the Firm Placing Shares on a non-pre-emptive basis to Placees who have participated in the Firm Placing in consideration for the transfer, pursuant to the terms of the Subscription and Transfer Agreements, of the redeemable preference shares in JerseyCo that will be issued to Zeus. Accordingly, at the conclusion of this cashbox placing process, JerseyCo will be a wholly owned subsidiary of the Company and its principal assets will be cash reserves approximately equal to the gross proceeds of the Firm Placing. Shareholder approval is not required to effect the Firm Placing by way of a cashbox placing.

Instead of receiving cash as consideration for the issue of the Firm Placing Shares, following completion of the Firm Placing, the Company will own the entire issued share capital of JerseyCo, whose only asset will be its cash reserves as noted above. The Company will then be able to access those funds by redeeming the redeemable preference shares it holds in JerseyCo.

Accordingly, by subscribing for the Firm Placing Shares under the Firm Placing and submitting a valid payment in respect thereof, each Placee instructs Zeus to hold such payment on their respective behalves and: (i) to the extent of a successful application under the Firm Placing, to apply such payment solely to permit Zeus to subscribe (as principal) for redeemable preference shares in JerseyCo; and (ii) to the extent of an unsuccessful application under the Firm Placing, to return the relevant payment without interest to the Placee.

The Subscription is a private subscription at the Issue Price with Subscription Letters between the Company and each of the Directors and one non-Board PDMR of the Company. The Subscription Shares will be issued at Firm Placing Admission under the Company's existing allotment authorities obtained at the Company's general meeting held on 18 December 2023.

The Placing Agreement

Pursuant to the terms of the Placing Agreement, Zeus and Cavendish, as agents to the Company, have conditionally agreed to use their reasonable endeavours to procure Placees for the Placing Shares to be issued under the Placing. The Firm Placing is conditional, *inter alia*, upon neither of the Joint Brokers having exercised their right to terminate the Placing Agreement and the Firm Placing Admission occurring not later than 8.00 a.m. on 7 May 2024. The Firm Placing is not conditional on the Resolutions being passed at the GM. Once the Firm Placing Admission has occurred, neither of the Joint Brokers will have the right to terminate any of its obligations under the Placing Agreement with regard to the Firm Placing, but may at any time up to the Conditional Placing Admission terminate its obligations under the Placing Agreement as regards the Conditional Placing.

The Conditional Placing is conditional, *inter alia*, upon the Firm Placing Admission having occurred not later than 8.00 am on 7 May 2024, the Resolutions being passed at the GM without amendment, the Company having fully performed its obligations under the Placing Agreement to the extent that they fall to be performed prior to the Conditional Placing Admission, the Placing Agreement becoming unconditional and not being terminated in accordance with its terms and, the Conditional Placing Admission occurring by no later than 8.00 a.m. on 24 May 2024 (or such later date as the Company and the Joint Brokers may agree, being no later than 8.00 a.m. on 11 June 2024). Once the Conditional Placing Admission has occurred, no party to the Placing Agreement can terminate any part of the Placing Agreement which relates to the Conditional Placing Admission and/or the Placing, allotment and/or issue of the shares subject to the Conditional Placing Admission.

The Subscription and Transfer Agreements

In connection with the Firm Placing, (a) the Company, Zeus and JerseyCo have entered into a subscription and transfer agreement and (b) the Company and Zeus have entered into a put and call option agreement (together the "Subscription and Transfer Agreements"), each agreement being dated on or around the date of the Placing Agreement, in relation to the subscription and transfer of the redeemable preference shares in JerseyCo to the Company.

Under the terms of the Subscription and Transfer Agreements:

- (a) the Company and Zeus will acquire ordinary shares in JerseyCo;
- (b) the Company and Zeus have entered into certain put and call options in respect of the ordinary shares in JerseyCo subscribed for by Zeus that are exercisable if the Firm Placing does not complete;
- (c) Zeus will apply monies received from Placees under the Firm Placing, to subscribe for redeemable preference shares in JerseyCo to an aggregate value equal to such monies; and
- (d) the Company will allot and issue the Firm Placing Shares to those persons entitled to them in consideration of Zeus transferring its holding of redeemable preference shares and ordinary shares in JerseyCo to the Company.

Accordingly, instead of receiving cash as consideration for the issue of the Firm Placing Shares, at the conclusion of the Firm Placing, the Company will own the entire issued share capital of JerseyCo whose only assets will be its cash reserves, which will represent an amount approximately equal to the gross proceeds of the Firm Placing. Placees and Qualifying Shareholders are not party to these arrangements

and so will not acquire any direct right against Zeus pursuant to these arrangements. The Company will be responsible for enforcing the obligations of Zeus under these arrangements.

Director and non-Board PDMR Participation in the Fundraising

The Directors and PDMRs have agreed to participate in the Subscription, subscribing in aggregate for £218,500. Their interests as at today and following completion of the Fundraising are as follows:

Director	Existing beneficial interest in Ordinary Shares	% of current share capital	Subscription Shares subscribed for	Open Offer Shares to be applied for	Ordinary Shares after Placing and Subscription	% of Enlarged Share Capital ²
Matthew Taylor	1,240,203	0.35%	10,000,000	–	11,240,203	0.94%
David Bundred ¹	2,052,626	0.58%	2,500,000	–	4,552,626	0.38%
Kevin Johnson	1,141,308	0.32%	2,500,000	–	3,641,308	0.30%
Ian Cleminson	319,654	0.09%	2,500,000	–	2,819,654	0.23%
Julia Woodhouse	535,203	0.15%	2,500,000	–	3,035,203	0.25%
Isabelle Maddock	113,763	0.03%	350,000	–	463,763	0.04%
Stephen Easton ³	–	–	1,500,000	–	1,500,000	0.12%

¹ Including 2,052,626 Ordinary Shares held in nominee accounts and ISAs of connected parties

² Assuming Open Offer applications in total for 200,000 Open Offer Shares made available under the Open Offer

³ Stephen Easton is the non-Board Chief Operating Officer and a PDMR of the Company

Related Party Transactions

All of the Directors have agreed to participate in the Subscription, subscribing for in aggregate 20,350,000 Subscription Shares (the “**Directors’ Participation**”), which constitutes a related party transaction under the AIM Rules. As there are no independent Directors to provide a fair and reasonable statement because all of the Directors have participated in the Subscription, Zeus (in its capacity as nominated adviser for the purposes of the AIM Rules) considers that the participation by the Directors Participation is fair and reasonable insofar as the Shareholders are concerned.

Canaccord Genuity Wealth Management Limited, as a substantial shareholder of the Company, is also subscribing for 30,000,000 Placing Shares, which constitutes a related party transaction under the AIM Rules for Companies.

In the case of participation by Canaccord Genuity Wealth Management Limited, all the Directors are considered to be independent for the purposes of AIM Rule 13. Having consulted with the Company’s nominated adviser, the Directors consider that the terms of the participation in the Placing by Canaccord Genuity Wealth Management Limited is fair and reasonable insofar as Shareholders are concerned.

Open Offer

In order to provide all Qualifying Shareholders with an opportunity to participate, the Company is conducting an Open Offer providing those shareholders the opportunity to subscribe at the Issue Price for an aggregate of 200,000,000 Open Offer Shares. The Board has discretion to increase the size of the Open Offer up to an aggregate of 300,000,000 Open Offer Shares. This allows Qualifying Shareholders to participate on a pre-emptive basis whilst providing the Company with the flexibility to raise additional equity capital to further improve its financial position.

Qualifying Shareholders are being offered the opportunity to apply through the Excess Application Facility for additional Open Offer Shares in excess of their *pro rata* entitlements to the extent that other Qualifying Shareholders do not take up their entitlements in full. Qualifying Shareholders with nil basic entitlement will still be eligible to apply for Open Offer Shares under the Excess Application Facility. In the event of applications in excess of the maximum number of Open Offer Shares available, the Company will decide on the basis for allocation, however, if this scenario occurs, preference is likely to be given to Qualifying Shareholders with smaller shareholdings (who historically may have had less opportunity to participate in placings conducted by the Company). The Open Offer Shares will not have been placed subject to clawback

nor have they been underwritten. Consequently, there may be fewer than 200,000,000 Open Offer Shares issued pursuant to the Open Offer.

The Open Offer provides Qualifying Shareholders the opportunity to participate in the Fundraising, up to £2.0 million worth of Open Offer Shares to be issued at the Issue Price. The Open Offer is being made on the basis of 1 Open Offer Share for every 1.760363190 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. However, should the Open Offer be significantly oversubscribed, the Directors may, at their absolute discretion, increase the Open Offer up to a maximum aggregate amount of £3.0 million worth of Open Offer Shares to be issued at the Issue Price.

The Conditional Placing and the Open Offer are conditional upon, *inter alia*, the Firm Placing Admission having occurred not later than 8.00 am on 7 May 2024, the approval by Shareholders of the Resolutions at the General Meeting and upon the Placing Agreement becoming unconditional in all respects (other than as to the Conditional Placing Admission and the Open Offer Admission (as the case may be)) and not having been terminated in accordance with its terms.

Resolutions and General Meeting

The Conditional Placing and Open Offer are conditional upon, *inter alia*, the passing of the Resolutions. A notice convening the GM to be held at Gateley Offices, Manchester, at 11.00 a.m. on 23 May 2024 is set out at the end of this document. At the GM, the following Resolutions will be proposed:

- (1) an ordinary resolution to increase the limit on the maximum number of shares that the Company may issue as prescribed in the articles of association of the Company from 443,603,462 to 1,511,748,346;
- (2) an ordinary resolution to authorise the Directors to allot relevant securities, *inter alia*, for the purposes of the Conditional Placing and Open Offer and otherwise up to an aggregate nominal amount of £9,867,798.02; and
- (3) a special resolution to allow the Directors, subject to the limits set out in that resolution, to issue Ordinary Shares for cash otherwise than on a pre-emptive basis up to a nominal amount of £8,694,222.56 in connection with the Fundraising and otherwise generally up to an additional £352,072.64 (representing 10 per cent. of the existing issued share capital of the Company as at the date of this document).

The authorities given by resolutions 2 and 3 above will be in substitution to any existing similar authorities which the Directors may have.

Investor presentation

The Company will provide a live presentation to investors and any other interested parties via Hardman & Co's platform at 12.00 noon on 9 May 2024. Interested parties can register for the presentation at https://us06web.zoom.us/webinar/register/WN_mUnp-l2KTomKBRFgUhFEow

Surface Transforms is committed to ensuring that there are appropriate communication structures for all its Shareholders. Questions can be submitted in advance as well as during the event via the "Ask a Question" function. Although management may not be in a position to answer every question received, they will address the most prominent ones within the confines of information already disclosed to the market.

Irrevocable commitments

The Directors (or persons connected with the Directors within the meaning of sections 252 – 255 of the Act), who in aggregate hold 5,402,757 Existing Ordinary Shares, representing approximately 1.53 per cent. of the Existing Ordinary Shares, have irrevocably undertaken to vote in favour of the Resolutions at the General Meeting and not to subscribe for any of the Open Offer Shares.

Action to be taken by Shareholders

Attached to this document is a notice of the General Meeting to be held at 11.00 a.m. on 23 May 2024 at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester M2 4WU.

Shareholders will find enclosed a Form of Proxy for use at the General Meeting. The Form of Proxy should be completed and returned in accordance with the instructions printed on it so as to arrive at the Company's registrars, PXS1, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL as possible and in any event, no later than 11.00 a.m. on 21 May 2024.

The action to be taken by Qualifying Shareholders in order to apply for Open Offer Shares under the Open Offer is set out under "Procedure for Application and Payment" in Part III: "Terms and conditions of the Open Offer" of this document and in the Application Form accompanying this document.

Application will be made to the London Stock Exchange Plc for the Firm Placing Shares, the Conditional Placing Shares, the Subscription Shares and Open Offer Shares to be admitted to trading on AIM. It is expected that the Firm Admission will become effective and dealings in the Firm Placing Shares and Subscription Shares, will commence on 7 May 2024. It is expected that the Conditional Placing Admission will become effective and dealings in the Conditional Placing Shares will commence on 24 May 2024 and that Open Offer Admission will become effective and dealings in the Open Offer Shares will commence on 28 May 2024.

The articles of association of the Company permit the Company to issue shares in uncertificated form. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities to be held in electronic rather than paper form. CREST is a voluntary system and Shareholders who wish to retain certificates will be able to do so.

Shareholders should note that the Conditional Placing and Open Offer are conditional, inter alia, on the passing of the Resolutions. Failure to approve the Resolutions would therefore prevent the Company from raising funds pursuant to the Conditional Placing and Open Offer, and only part of the net proceeds of the Fundraising would be received by the Company. This would require the Company to seek urgent alternate financing that may or may not be available and, if available, may or may not be on worse terms than the Fundraising. The Directors believe that the Resolutions to be proposed at the General Meeting are in the best interests of the Company and Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Resolutions.

Yours faithfully,

David Bundred

Chairman

PART II:

RISK FACTORS

An investment in New Ordinary Shares may not be suitable for all recipients of this document and involves a number of risks. All the information set out in this document and, in particular, those risks relating to the Placing, Subscription and the Open Offer described below, should be carefully considered prior to making any investment decision. Accordingly, you are strongly recommended to consult an investment adviser authorised under the FSMA, who specialises in the acquisition of shares and other securities before making a decision to invest. In addition to all the other information contained in this document, potential investors should carefully consider the following risk factors which the Directors consider to be all the known material risks in respect of the business of the Company and its securities, but are not set out in any particular order of priority.

If any of the circumstances identified in the risk factors were to materialise, the financial performance, financial condition, prospects and operating results of the Company would be materially adversely affected. Furthermore, the Company's performance is likely to be affected by changes to the market and/or economic conditions and legal, accounting, regulatory and tax requirements currently unknown by the Company. Investors should note that the trading price of the Ordinary Shares could decline due to any of these risks and investors may lose all or part of their investment.

Additional risks which are not presently known to the Board, or that the Board currently deems to be immaterial, may also have an adverse effect on the Company's business, financial condition, prospects and operating results.

1. RISKS RELATING TO THE COMPANY AND ITS BUSINESS

1.1 *Scrappage rates remain high and/or do not fall in line with management expectations*

The Company has endured significant challenges in respect of scrappage rates, which both reduces revenues as scrapped discs are not capable of being sold, but also reduces margins due to manufacturing costs incurred prior to the point of scrappage.

Several upgrades to the manufacturing process have been implemented by management during recent months which have seen scrappage rates materially reduce. However, there can be no guarantee that recent scrappage levels can be maintained or indeed reduced, at levels in line with management expectations, particularly as production volumes are increased.

1.2 *The Company's increase in production capacity may take longer than anticipated or require additional funding*

The Company's manufacturing strategy requires substantial capital expenditure and working capital. As a result, any issues with either existing equipment as it is used in the production ramp up, new equipment as it is installed, or delayed investment in, or arrival of, equipment, can impact the ability of the Company to ramp up production in accordance with its plans, or impact the funding available to it which is generated by the Company's trading.

Whilst the Company expects that its manufacturing plans have built in sufficient contingency to enable it to service its existing and future contracts, as well as prospective contracts, there can be no guarantee that the Company is able to implement these plans within the anticipated timescales, or that there will be no material impact of the production ramp up on its ability to manufacture sufficient products to the required quality.

1.3 *The price of the raw materials, including energy, and component parts used by the Company in its products may increase substantially*

The Company has little flexibility in the type of raw materials or component parts that it uses, specifically with regards to energy. If the prices of such materials rise, the Company can either pass on these increased costs to customers, thereby making the products less competitive from a commercial perspective, or absorb the increased costs, thereby decreasing the Company's profit margins. The Company's new furnaces are designed with energy efficiency in mind. These new larger and more

energy efficient furnaces together with other efficiency projects now in place mean that the Board believe they have effectively protected against future energy cost increases.

Nevertheless, it pays for some of these raw materials in foreign currency and has no control over currency fluctuation and can give no guarantee that currency fluctuations will not adversely affect its ability to purchase raw materials or components at a level to maintain its current margins or at levels that do not impair its commercial relationships.

1.4 ***Viability of the Company's products and materials***

Whilst the Company's products and materials have been tested by a number of major potential customers in its target markets, and the Directors believe that the products have advantages over competitor products and materials, there can be no guarantee that sales will be made to these customers.

In addition and particularly in respect of automotive clients, there can be no guarantee the Company will be able to recruit and retain appropriately skilled engineers to ensure it can meet the performance, friction, life, noise vibration and hardness requirements of the OEM or to meet such requirements generally. The automotive sector is continually evolving and therefore the tests required by OEMs and the thresholds to be met in respect of those tests are also constantly changing. While the Company has achieved good results in tests performed to date, there can be no guarantee that the Company's products will be able to achieve the necessary thresholds and pass all tests required by any individual OEM at any given time.

1.5 ***Other technological advancements may make the Company's products less useful or less competitive***

The products developed by the Company are within sectors that are the attention of worldwide research and development. While currently deemed unlikely by the Board due to the timescales involved in mass production of carbon ceramic brake discs for OEMs, it is possible that new developments in alternative technologies mean that the Company's products are surpassed.

1.6 ***Currency and foreign exchange***

Fluctuations in exchange rates between currencies in which the Company operates relative to pounds sterling may cause fluctuations in its financial results, which are not necessarily related to the Company's underlying operations. The Company is only exposed to this risk for one of its OEM contracts.

The Company may engage in foreign currency hedging transactions to mitigate potential foreign currency exposure. The Company cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on the business, operating results or financial condition of the Company.

1.7 ***Competition***

While the Company has made substantial progress on gaining market share, and has a £300 million PCP, the automotive segment in which the Company operates remains dominated by one manufacturer in particular. Accordingly, there can be no certainty that the Company will be able to achieve the further market penetration it seeks. There can be no guarantee that the Company's current competitors or new entrants to the market will not bring superior products or processes to the market or equivalent products at a lower price. In either case, such competitors may have greater financial, marketing and technological resources than the Company.

1.8 ***Dependence on key executives and personnel***

The Company's future success is substantially dependent on the continued services and performance of its executive Directors and senior management and its ability to attract and retain suitably skilled and experienced personnel. The loss of the services of any of the Directors, members of senior management (particularly those focused on production and operations) or other key employees could have a material adverse effect upon the Company's business and its operating results. Finding and hiring any such replacements could be costly, especially given the prevailing macroeconomic headwinds including rising labour inflation, and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact its financial results.

1.9 **Management of growth**

The ability of the Company to implement its strategy requires effective planning, general project management and timely management information. Despite growth plans being in place, execution of the Company's growth plans may place a significant strain on its management and operational, financial and personnel resource. Therefore, the Company's future growth and prospects will depend on its ability to manage this growth.

1.10 **Capital expenditure and new factory construction**

The construction of a new building and subsequent installation of complex furnaces, such as expected new furnaces and machine tools is a complicated process. Whilst the Board has included both cost and timing contingencies into its plan there is no guarantee that these contingencies will be sufficient to cover any cost overruns and/or timing delays.

1.11 **Lack of patent protection**

The ability to obtain patent protection for carbon ceramic brake discs is limited and while the Company has taken every effort to protect its intellectual property, there is a theoretical risk that a competitor could utilise the Company's designs to launch a competing carbon ceramic brake disc. However, the Company has spent many years obtaining intellectual knowledge, which by the nature of its detail, complexity and scale cannot be replicated which provides a substantial barrier to entry for any new competitor.

1.12 **Commercial agreements**

The Directors anticipate that a significant part of the Company's future revenues may be derived from development, licensing and production agreements with other companies. There can be no assurance that the Company will be able to negotiate commercially acceptable licensing or other agreements for the exploitation of future technologies. In addition, while the Board believes that the Company's carbon ceramic brake discs are market leading, there can be no assurance that any company who enters into agreements with the Company will not pursue alternative technologies either on their own or in collaboration with others including the Company's competitors.

In addition, there can be no guarantee that the current development programmes of the Company will not be delayed or cancelled by customers, irrespective of how far progressed the Company is or the test results being obtained.

1.13 **Fundraising risk and operational capacity**

The Company also has, or is in discussions with, several OEMs with models anticipated to commence production during the next few years. In the absence of the Fundraising, the Board consider the Company would be less likely to be awarded new development contracts which are currently under discussion due to perceived risks pertaining to manufacturing capacity, and indeed would not be able to supply all of the PCP, if awarded, due to insufficient capacity.

1.14 **Ability to obtain debt on acceptable terms**

In December 2023, the Company obtained additional debt financing, specifically a £13.2 million Loan Facility from Liverpool City Region Urban Development Fund which is part funded by the ERDF, which together with equity financing and retained operating cashflows, is expected to be sufficient to fully finance the development and construction of Phase 2 and commence Phase 3 of the Board's manufacturing strategy. Revised financial covenants for the Loan Facility have been agreed, with updated banking documentation currently being prepared. However, there can be no guarantee that the Company will be able to complete the revised covenants of the Loan Facility or obtain alternate debt funding required or do so on terms that are acceptable to the Company at the time required. The failure to meet the revised Loan Facility or such other debt financing or to secure it on acceptable terms, as required to finance Phase 2 and Phase 3 of the Company's manufacturing strategy, would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

1.15 **Reduced discretionary consumer spend**

Rising inflation and the 'cost of living crisis' could reduce discretionary consumer spend, and therefore reduce consumer demand of premium vehicles with carbon ceramic brake discs.

1.16 **Slowdown of EV car market**

A decrease in EV car sales could adversely impact the Company's revenue due to its various contracts with EV car manufacturers.

1.17 **Forward-looking statements**

Some of the statements in this document include forward-looking statements which reflect the Company's or, as appropriate, the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Company's business). These statements include forward-looking statements both with respect to the Company and the industry/market in which the Company operates. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company's actual performance to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in this Part II: "Risk Factors" of this document which should be read in conjunction with the other cautionary statements that are included in this document.

The forward-looking statements speak only as at the date of this document. Subject to any applicable obligations, the Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise, unless required by the AIM Rules and disclosure guidance and transparency rules of the FCA as amended from time to time, as appropriate. All subsequent written and oral forward-looking statements attributable to the Company or individuals acting on behalf of the Company are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

2. RISK FACTORS ASSOCIATED WITH THE NEW ORDINARY SHARES

2.1 ***It may be difficult to realise an investment on AIM. The market price of the Ordinary Shares may fluctuate widely in response to different factors***

The New Ordinary Shares will be quoted on AIM rather than the Official List. The AIM Rules are less demanding than those of the Official List and an investment in a share that is traded on AIM may carry a higher risk than an investment in shares listed on the Official List. The share price of publicly traded companies can be highly volatile.

It may be more difficult for an investor to realise his or her investment in the Company than to realise an investment in a company whose shares or other securities are listed on the Official List or other similar stock exchange. Shares held on AIM are perceived to involve higher risks. AIM has been in existence since 1995 and is a market designed for small and growing companies but its future success and liquidity as a market for the New Ordinary Shares cannot be guaranteed.

The price at which the Ordinary Shares are traded and the price at which investors may realise their investment are influenced by a large number of factors, some specific to the Company and its operations and some which may affect manufacturing companies or quoted companies generally. Admission to AIM does not imply that there will be a liquid market for the Ordinary Shares. Consequently, the price of Ordinary Shares may be subject to fluctuation on small volumes of shares, and the Ordinary Shares may be difficult to sell at a particular price.

2.2 ***If a Shareholder does not take up his entitlement under the Open Offer, his interest in the Company will be further diluted***

Shareholders' proportionate ownership and voting interest in the Company will be reduced pursuant to the Placing. In addition, to the extent that Shareholders do not take up their entitlement of Open Offer Shares, their proportionate ownership and voting interest in the Company will be further reduced.

PART III:

TERMS AND CONDITIONS OF THE OPEN OFFER

1. INTRODUCTION

As explained in the letter set out in Part I: “Letter from the Chairman” of this document, the Company is proposing to issue up to 200,000,000 New Ordinary Shares (subject to the Board’s discretion to increase the size of the Open Offer) at the Issue Price, and to raise, assuming that it is fully subscribed, through the Open Offer, approximately £2.0 million (net of expenses incurred in relation to the Open Offer).

Upon completion of the Open Offer, assuming it is fully subscribed, and the Board does not exercise its discretion to increase the size of the Open Offer to a maximum aggregate amount of £3.0 million worth of Open Offer Shares, the Open Offer Shares will represent approximately 17 per cent. of the Enlarged Share Capital. The Open Offer is being made on the basis of 1 Open Offer Share for every 1.760363190 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. The Existing Ordinary Shares will represent approximately 29 per cent. of the Enlarged Share Capital. If the Board exercises its discretion to increase the size of the Open Offer to a maximum aggregate amount of £3.0 million worth of Open Offer Shares, upon completion of the Open Offer, assuming it is fully subscribed, the Open Offer Shares will represent approximately 23 per cent. of the Enlarged Share Capital. The Existing Ordinary Shares will represent approximately 27 per cent. of the Enlarged Share Capital.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Shareholders is close of business on 1 May 2024. Application Forms are expected to be posted to Qualifying non-CREST Shareholders on or around 3 May 2024 and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST as soon as possible after 8.00 a.m. on 8 May 2024.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for further Open Offer Shares. Further details in relation to the Excess Application Facility are set out in Part IV “Questions and Answers about the Open Offer” in this document and, for Qualifying Shareholders, the Application Form.

The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 23 May 2024 with admission and commencement of dealings in Open Offer Shares expected to take place at 8.00 a.m. on 28 May 2024.

This document and, for Qualifying non-CREST Shareholders only, the Application Forms contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4.1 of this Part III: “Terms and Conditions of the Open Offer” which gives details of the procedure for application and payment for the Open Offer Shares and any additional shares applied for pursuant to the Excess Application Facility.

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with the Ordinary Shares then in issue, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

The Company is proposing to issue up to 200,000,000 Open Offer Shares (subject to the Board’s discretion to increase the size of the Open Offer up to 300,000,000 Open Offer Shares) at the Issue Price subject to the Resolutions being passed at the General Meeting and the Open Offer Admission, in respect of valid applications by Qualifying Shareholders. An application will be made for the Open Offer Shares to be admitted to trading on AIM.

The Open Offer is an opportunity for Qualifying Shareholders to apply for up to 200,000,000 Open Offer Shares (subject to the Board’s discretion to increase the size of the Open Offer) *pro rata* to their current holdings at the Issue Price in accordance with the terms of the Open Offer. **Qualifying Shareholders are also being offered the opportunity to apply for additional Open Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlement in full.**

The Open Offer Shares have not been placed subject to clawback nor have they been underwritten. Consequently, there may be fewer than 200,000,000 Open Offer Shares issued pursuant to the Open Offer (or 300,000,000 Open Offer Shares issued pursuant to the Open Offer if the Board exercise its discretion to increase the size of the Open Offer to a maximum aggregate amount of £3.0 million worth of Open Offer Shares).

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Ordinary Shares prior to the “ex-entitlement” date is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

2. THE OPEN OFFER

Subject to the terms and conditions set out below (and, in the case of Qualifying non-CREST Shareholders, in the Application Form), Qualifying Shareholders are being given the opportunity under the Open Offer to apply for any number of Open Offer Shares at the Issue Price *pro rata* to their holdings, which represents a discount of approximately 66 per cent. to the closing mid-market price per Ordinary Share of 2.9 pence on 30 April 2024, being the last Business Day prior to the announcement of the Fundraising.

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares and made available in the Excess Application Facility.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

If you are a Qualifying non-CREST Shareholder, the Application Form will show the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 6).

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders, provided they have taken up their Open Offer Entitlement in full, to apply for further Open Offer Shares in excess of their Open Offer Entitlement. Further details in relation to the Excess Application Facility are set out in Part IV “Questions and Answers about the Open Offer” and, for Qualifying non-CREST Shareholders, the Application Form. Qualifying Shareholders with nil basic entitlement will still be eligible to apply for Open Offer Shares under the Excess Application Facility.

Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 4.2 of this Part III: “Terms and Conditions of the Open Offer” for information on the relevant CREST procedures and further details on the Excess Application Facility. Qualifying CREST Shareholders can also refer to the CREST Manual for further information on the relevant CREST procedures.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, the Board will use their discretion as to whether to accept all applications in full, or that such applications will be scaled back *pro rata* to the number of excess Open Offer Shares applied for by Qualifying Shareholders.

Please refer to paragraphs 4.1(d) and 4.2(j) of this Part III “Terms and Conditions of the Open Offer” for further details of the Excess Application Facility.

Following the issue of the Open Offer Shares to be allotted pursuant to the Open Offer, a Qualifying Shareholder who holds 1,000 Existing Ordinary Shares who does not take up any of his entitlement under the Open Offer *pro rata* to his current holding, he will suffer a dilution, between a range of approximately 17 per cent. and 23 per cent. of his interest in the Company dependent on the take-up and oversubscription of the Open Offer by other Qualifying Shareholders (assuming the Open Offer is not over-subscribed in aggregate and that the Board does not exercise their discretion to increase the Open Offer).

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying non-CREST Shareholders should also note that their respective Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and 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 their Open Offer Entitlements will be issued to Qualifying Shareholders who have made an application for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility, with the proceeds retained for the benefit of the Company. The Open Offer Shares have not been placed subject to clawback nor have they been underwritten.

Application will be made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements to be credited to Qualifying Shareholders' CREST accounts. The Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts as soon as possible after 8.00 a.m. on 8 May 2024.

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

The Open Offer Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the other New Ordinary Shares and Existing Ordinary Shares of the Company. 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.

3. CONDITIONS AND FURTHER TERMS OF THE OPEN OFFER

The Open Offer is conditional upon, amongst other things, the approval of the Resolutions at the General Meeting, the Placing Agreement becoming unconditional in all respects (other than as to the Open Offer Admission) and the Open Offer Admission becoming effective by not later than 8.00 a.m. on 28 May 2024 (or such later time and/or date as the Company, Zeus and Cavendish may determine, not being later than 8.00 a.m. on 11 June 2024).

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), 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.

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 validly elect to hold their Open Offer Shares in certificated form by 3 June 2024. In respect of those Qualifying Shareholders who will validly elect 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 as soon as possible after 8.00 a.m. on 28 May 2024.

Application will be made for the Open Offer Shares to be admitted to trading on AIM. Admission is expected to occur on 28 May 2024, when dealings in the Open Offer Shares are expected to begin.

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

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 Regulatory Information Service giving details of the revised dates.

4. PROCEDURE FOR APPLICATION AND PAYMENT

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Application Form in respect of your Open Offer Entitlement under the Open Offer or you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your CREST stock account.

Qualifying Shareholders who hold all their Existing Ordinary Shares in certificated form will receive the Application Form. The Application Form will show the number of Existing Ordinary Shares at the Record Date. It will also show Qualifying Shareholders the number of Open Offer Shares available under their Open Offer Entitlement that can be allotted in certificated form. Qualifying Shareholders who hold all their Existing Ordinary Shares in CREST will be allotted Open Offer Shares in CREST. Qualifying Shareholders who hold 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 Open Offer Entitlements into, and withdraw them from, CREST.

Further information on deposit and withdrawal from CREST is set out in paragraph 4.2 of this Part III: “Terms and Conditions of the Open Offer”.

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 Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer 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 apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form, or send an unmatched stock event message through CREST.

4.1 ***If you have an Application Form in respect of your Open Offer Entitlements under the Open Offer***

(a) *General*

Subject as provided in paragraph 6 of Part III: “Terms and Conditions of the Open Offer” in relation to Overseas Shareholders, Qualifying non-CREST Shareholders will receive an Application Form. The Application Form will show the number of Existing Ordinary Shares registered in their name on the Record Date in Box 6. It also shows the Open Offer Entitlement allocated to them set out in Box 7. Entitlements to Open Offer Shares are rounded down to the nearest whole number and fractional Open Offer Entitlements have therefore also been rounded down. Box 8 shows how much they would need to pay if they wish to take up their Open Offer Entitlements in full. Qualifying non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds applications under the Excess Application Facility, the Board will use their discretion as to whether to accept all applications in full, or to scale back *pro rata* to the number of excess Open Offer Shares applied for by Qualifying non-CREST Shareholders under the Excess Application Facility.

The instructions and other terms set out in the Application Form forms part of the terms of the Open Offer in relation to Qualifying non-CREST Shareholders.

(b) *Bona fide market claims*

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the

entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 21 May 2024. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, be forwarded to or transmitted in or into the United States or any other Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 4.2(b) below.

(c) *Application procedures*

Qualifying non-CREST Shareholders wishing to apply to acquire Open Offer Shares (whether in respect of all or part of their Open Offer Entitlement or in addition to their Open Offer Entitlement under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it. Qualifying non-CREST Shareholders may only apply for additional Open Offer Shares under the Excess Application Facility if they have agreed to take up their Open Offer Entitlements in full. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 200,000,000 applications under the Excess Application Facility, the Board will use their discretion as to whether to accept all applications in full, or to scale back *pro rata* to the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Completed Application Forms should be posted in the pre-paid envelope accompanying the Application Form or returned by post or by hand (during normal business hours only) to the Receiving Agent, Link Group, Corporate Actions, Central Square, 29 Wellington Street, Leeds, LS1 4DL (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 23 May 2024, after which time Application Forms will not be valid. Qualifying Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

All payments must be in pounds sterling and made by cheque or banker’s draft made payable to Link Market Services Limited re: Surface Transforms plc – Open Offer 2024 A/C and crossed “A/C Payee Only”. Cheques or banker’s drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to confirm that the relevant Qualifying Shareholder has title to the underlying funds. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

Cheques or banker’s drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker’s drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid

acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before the conditions of the Conditional Placing and Open Offer are fulfilled, the application monies will be credited to a non-interest-bearing account by the Receiving Agent. If the Conditional Placing and Open Offer do not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Conditional Placing and Open Offer.

The Company may in its sole discretion, 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. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 23 May 2024; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 23 May 2024 from authorised persons (as defined in 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. 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.

If Open Offer Shares have already been allotted to a Qualifying non-Crest Shareholder and such Qualifying non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrar, Zeus, Cavendish, or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying non-CREST Shareholders.

(d) *The Excess Application facility*

Provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables a Qualifying Shareholder to apply for Open Offer Shares in excess of their Open Offer Entitlement. Qualifying Shareholders who have no Open Offer Entitlement can apply under the Excess Application Facility.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, the Board will use their discretion as to whether to accept all applications in full, or to scale back such applications *pro rata* to existing shareholdings.

Qualifying non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Conditional Placing and Open Offer become unconditional and applications for Open Offer Shares exceed 200,000,000 Open Offer Shares (or 300,000,000 Open Offer Shares if the Board exercises its discretion to increase the size of the Open Offer) and the Board agree to scale back applications, each Qualifying Shareholder who has made a valid application for excess Open Offer Shares under the Excess Application Facility and from whom payment in full for excess Open Offer Shares has been received will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for but not allocated to the relevant Qualifying Shareholder

multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

(e) *Effect of application*

By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company, Zeus and Cavendish 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) agrees with the Company, Zeus and Cavendish that all applications under the Open Offer and contracts resulting therefrom shall be governed by and construed in accordance with the laws of England;
- (iii) confirms to the Company, Zeus and Cavendish that in making the application he is not relying on any information or representation in relation to Surface Transforms other than that contained in this document, and the applicant accordingly 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 information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to Surface Transforms contained in this document;
- (iv) represents and warrants to the Company, Zeus and Cavendish that he is a Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (v) represents and warrants to the Company, Zeus and Cavendish that if he has received some or all of his Open Offer Entitlements from a person other than Surface Transforms he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) requests that the Open Offer Shares, to which he will become entitled be issued to him on the terms set out in this document and the Application Form;
- (vii) represents and warrants to the Company, Zeus and Cavendish that he is not, nor is he applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in the United States or to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company 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 to the Company, Zeus and Cavendish that he is not, and nor is he 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 the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
- (ix) confirms that in making the application he is not relying and has not relied on Zeus, Cavendish or any person affiliated with Zeus or Cavendish in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent, Link Group, Corporate Actions, Central Square, 29 Wellington Street, Leeds, LS1 4DL or you can contact the Receiving Agent on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Qualifying non-CREST 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.

A Qualifying non-CREST Shareholder who is also a CREST member may elect to receive the Open Offer Shares to which he is entitled in uncertificated form in CREST. Please see paragraph 4.2(f) below for more information.

4.2 If you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer

(a) *General*

Subject as provided in paragraph 6 of Part III: “Terms and Conditions of the Open Offer” in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of Open Offer Shares for which he is entitled to apply to acquire under the Open Offer and also an Excess CREST Open Offer Entitlement. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any Open Offer Entitlements have therefore also been rounded down.

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 Open Offer Entitlements and Excess CREST Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements and/or the Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 8 May 2024, 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 Open Offer Entitlements and Excess CREST Open Offer Entitlements which should have been credited to his 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 entitlements to Open Offer Shares and their Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Receiving Agent on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice. Please note the Receiving Agent cannot provide financial, legal or tax advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or to apply for Excess CREST Open Offer Entitlements. 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) *Market claims*

Each of the Open Offer Entitlements and Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *Unmatched Stock Event (“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 Open Offer Entitlements and their Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an USE instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements or Excess CREST Open Offer Entitlements 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 Receiving Agent 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 (i) above.

(d) *Content of USE instruction in respect of Open Offer 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 the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GB00BQMHN237;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member CREST account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 22417SUR;
- (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 New Ordinary Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 23 May 2024; 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 23 May 2024.

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:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) 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 23 May 2024 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 28 May 2024 (or such later date as the Company and the Joint Brokers may agree, being no later than 8.00 a.m. on 11 June 2024), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(e) *Content of USE instruction in respect of Excess CREST Open Offer 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 being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BQMHN344;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the CREST member account ID of the Registrar in its capacity as a CREST receiving agent. This is 22417SUR;
- (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 23 May 2024; 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 in respect of an Excess CREST Open Offer Entitlement 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 23 May 2024.

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:

- (i) a contract name and telephone number (in the free format shared note field); and
- (ii) 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 23 May 2024 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 23 May 2024 (or such later date as the Company and the Joint Brokers may agree, being no later than 8.00 a.m. on 11 June 2024), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(f) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Shareholder is also a CREST member. Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and entitlement to apply under the Excess Application Facility is 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 Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 23 May 2024. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Receiving Agent.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CCSS, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 20 May 2024 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 17 May 2024 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility 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 Open Offer Entitlements and the entitlement to apply under the Excess Application Facility, as the case may be, prior to 11.00 a.m. on 23 May 2024.

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 the Company and the Receiving Agent 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 entitlements under the Open Offer into CREST" on page 2 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it/they is/are not in the United States or citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(g) *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 23 May 2024 will constitute a valid application under the Open Offer.

(h) *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 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 23 May 2024. 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.

(i) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Registrar, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without 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 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 interest).

(j) *The Excess Application Facility*

Provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, the Board will have discretion to scale back such applications *pro rata* to the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility.

To apply for excess Open Offer Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed 200,000,000 Open Offer Shares (or 300,000,000 Open Offer Shares if the Board exercises its discretion to increase the size of the Open Offer) and the Board agree to scale back applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application pursuant to his Excess CREST Open Offer Entitlement and from whom payment in full for the excess Open Offer Shares has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable following the completion of the scale back, without payment of interest and at the applicant’s sole risk. Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

(k) *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) represents and warrants 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) 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 the Receiving Agent'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 the Company the amount payable on application);
 - (iii) agrees that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
 - (iv) confirms that in making the application he is not relying on any information or representation in relation to Surface Transforms other than that contained in this document, and the applicant accordingly 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 information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to Surface Transforms contained in this document;
 - (v) represents and warrants that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
 - (vi) represents and warrants that if he has received some or all of his Open Offer Entitlements from a person other than Surface Transforms, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;
 - (vii) requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the memorandum of association and articles of association of the Company;
 - (viii) represents and warrants that he is not, nor is he applying on behalf of any Shareholder who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in the United States or 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 any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company 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;
 - (ix) represents and warrants that he is not, and nor is he 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 sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
 - (x) confirms that in making the application he is not relying and has not relied on Zeus or Cavendish or any person affiliated with Zeus or Cavendish in connection with any investigation of the accuracy of any information contained in this document or his investment decision.
- (l) *Company's discretion as to the rejection and validity of applications*
The Company may in its sole discretion:
- (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: "Terms and Conditions of the Open Offer";

- (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 the Company 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 the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has 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
 - (iv) 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 to validly 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 the Receiving Agent in connection with CREST.
- (m) *Lapse of the Open Offer*
- In the event that the Open Offer does not become unconditional by 8.00 a.m. on 28 May 2024 (or such later date as the Company and the Joint Brokers may agree, being no later than 8.00 a.m. on 11 June 2024), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

5. MONEY LAUNDERING REGULATIONS

5.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements Link Group as Receiving Agent may also need any and all verified identity documents as previously provided to said UK regulated broker or intermediary. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the “acceptor”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5 the “relevant Open Offer Shares”) shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Receiving Agent, Zeus and Cavendish from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (i) 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));
- (ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (iii) 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
- (iv) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately £13,000).

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

- (a) if payment is made by cheque or banker's draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to "Link Market Services Limited re: Surface Transforms Plc – Open Offer 2024 A/C" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque/banker's draft to such effect. The account name should be the same as that shown on the Application Form; or
- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) 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-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation 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 the Registrar. If the agent is not such an organisation, it should contact the Registrar at Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact Link Group, Corporate Actions, Central Square, 29 Wellington Street, Leeds, LS1 4DL or you can contact the Receiving Agent on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £13,000) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Registrar may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 **Open Offer Entitlements in CREST**

If you hold your Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of some or all of your Open Offer Entitlements or Excess CREST Open Offer Entitlements 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 Receiving Agent 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 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 Registrar such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent 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.

6. OVERSEAS SHAREHOLDERS

This document has not been approved by the FCA, being the competent authority in the United Kingdom. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 **General**

The distribution of this document and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily 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. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company, Zeus, Cavendish, or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or any other Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements 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 or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, Zeus, Cavendish, nor any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company, Zeus and Cavendish determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III: "Terms and Conditions of the Open Offer" and specifically the contents of this paragraph 6.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or despatched from the United States or any other 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 if it provides an address for delivery of the share certificates of Open Offer Shares or in the case of a credit of Open Offer Entitlements or Excess CREST

Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or any other Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraph 6.2 below. Notwithstanding any other provision of this document or the relevant Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the United States and of any other Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.

No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into the United States or any other Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

6.2 **United States**

The New Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended, (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the Securities Act, as amended, and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act as amended, is available and, subject to certain exceptions, neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any New Ordinary Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to, and no New Ordinary Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires New Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the New Ordinary Shares, that they are not, and that at the time of acquiring the New Ordinary Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of, a person on a non-discretionary basis in the United States or any state of the United States. The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of New Ordinary Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution,

directly or indirectly, of any such New Ordinary Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to allot or issue any Open Offer Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any Open Offer Shares may be transferred. In addition, the Company, Zeus and Cavendish reserve the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the New Ordinary Shares.

In addition, until 45 days after the commencement of the Open Offer, an offer, sale or transfer of the Open Offer Shares within the United States by a dealer (whether or not participating in the Conditional Placing and Open Offer) may violate the registration requirements of the Securities Act, as amended.

6.3 **Restricted Jurisdictions**

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements.

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 Forms into any Restricted Jurisdiction.

6.4 **Other overseas territories**

Application Forms will be sent to Qualifying non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or 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.

Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom 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 in respect of the Open Offer.

6.5 **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, Zeus, Cavendish and the Registrar 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 the United States or any other 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 in respect of the Open Offer 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 Registrar 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 despatched from the United States or any other 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 the United States or any other Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this sub-paragraph (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: “Terms and Conditions of the Open Offer” represents and warrants to the Company, Zeus and Cavendish 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) he or she is not within the United States or any other Restricted Jurisdiction; (ii) he or she is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) he or she is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he or she is not 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.

6.6 **Waiver**

The provisions of this paragraph 6 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, Zeus and Cavendish in their absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form.

Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. **OPEN OFFER ADMISSION, SETTLEMENT AND DEALINGS**

The result of the Open Offer is expected to be announced on 24 May 2024. Applications will be made to AIM for the Open Offer Shares to be admitted to trading on AIM. It is expected that Open Offer Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 28 May 2024.

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 shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 23 May 2024 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, 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 the Company. On 28 May 2024, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons’ entitlements to Open Offer Shares with effect from Open Offer Admission (expected to be 28 May 2024). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given. Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any 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 of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Qualifying Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied (including excess Open Offer Shares successfully applied for under the Excess Application Facility) for are expected to be despatched by post by 3 June 2024. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the UK share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Shareholders are referred to paragraph 4.1 above and their respective Application Form.

8. TIMES AND DATES

The Company shall, in agreement with Zeus and Cavendish and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify AIM, and make an announcement on a Regulatory Information Service approved by AIM and, if appropriate, by Shareholders but Qualifying Shareholders may not receive any further written communication.

9. FURTHER INFORMATION

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

10. 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, English law. The courts of England and Wales 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. By taking up Open Offer Shares, whether by way of their Open Offer Entitlement or through the Excess Application Facility (as applicable), 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 Wales 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:

QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part IV: "Questions and Answers about the Open Offer" are intended to be in general terms only and, as such, you should read Part III: "Terms and Conditions of the Open Offer" of this document for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part IV deals with general questions relating to the Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part III: "Terms and Conditions of the Open Offer" of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part III "Terms and Conditions of the Open Offer" of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please contact the Receiving Agent on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

1. WHAT IS AN OPEN OFFER?

An open offer is a way for companies to raise money. Companies usually do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings. In this instance shareholders will also be offered the opportunity to apply for additional shares in excess of their entitlement to the extent that other Qualifying Shareholders do not take up their entitlement in full. The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the Open Offer.

This Open Offer is an invitation by Surface Transforms to Qualifying Shareholders to apply to acquire up to an aggregate of 200,000,000 Open Offer Shares (subject to the Board's discretion to increase the size of the Open Offer) at a price of 1 pence per share. If you hold Ordinary Shares on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States, or any other Restricted Jurisdiction, you will be entitled to buy Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Share for every 1.760363190 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

Open Offer Shares are being offered to Qualifying Shareholders at a discount of approximately 66 per cent. to the closing mid-market price per Ordinary Share of 2.9 pence on 30 April 2024, being the last Business Day prior to the announcement of the Fundraising.

The Excess Application Facility allows Qualifying Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements. Applications made under the Excess Application Facility will be scaled back *pro rata* to existing shareholdings should the Board agree to do so and that applications are received from Qualifying Shareholders for more than the available number of Open Offer Shares.

Unlike in a rights issue, Application Forms are not negotiable documents and neither they nor the Open Offer Entitlements can themselves be traded. Shareholders will not be able to apply for any New Ordinary Shares which are the subject of the Placing.

2. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I KNOW I AM ELIGIBLE TO PARTICIPATE IN THE OPEN OFFER?

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address or located in the United States or any other Restricted Jurisdiction, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares on or after 8.00 a.m. on 7 May 2024 (the time when the Existing Ordinary Shares are expected to be marked “ex-entitlement” by the London Stock Exchange Plc).

3. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I KNOW HOW MANY OPEN OFFER SHARES I AM ENTITLED TO TAKE UP?

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located in the United States or any other Restricted Jurisdiction, you will be sent an Application Form that shows:

- how many Existing Ordinary Shares you held at the Record Date;
- how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to take up your right to buy all your entitlement to the Open Offer Shares.

Subject to certain exceptions, if you have a registered address in the United States or any of the other Restricted Jurisdictions, you will not receive an Application Form.

If you would like to apply for any of or all of the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be posted, along with a cheque or banker's draft drawn in the appropriate form, in the pre-paid envelope that will accompany the Application Form or returned by post or by hand (during normal office hours only), to the Receiving Agent, Link Group, Corporate Actions, Central Square, 29 Wellington Street, Leeds, LS1 4DL (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 23 May 2024, after which time Application Forms will not be valid.

4. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM AND AM ELIGIBLE TO RECEIVE AN APPLICATION FORM. WHAT ARE MY CHOICES IN RELATION TO THE OPEN OFFER?

(a) *If you do not want to take up your Open Offer Entitlement*

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue. You cannot sell your Application Form or your Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 23 May 2024, the Company has made arrangements under which the Company has agreed to issue the Open Offer Shares to other Qualifying Shareholders under the Excess Application Facility.

If you do not take up your Open Offer Entitlement then following the issue of the Open Offer Shares pursuant to Open Offer, your interest in the Company will be significantly diluted. Even if a Qualifying Shareholder subscribes for the basic entitlement under the Open Offer, their proportionate economic interest would be diluted by the issue of the Placing Shares, Subscription Shares and Open Offer Shares pursuant to the Placing, Subscription and Open Offer (assuming all Open Offer Shares are subscribed for in full).

(b) ***If you want to take up some but not all of your Open Offer Entitlement***

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Boxes 2 and 4 of your Application Form; for example, if you are entitled to take up 500 shares but you only want to take up 250 shares, then you should write '250' in Boxes 2 and 4. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '250') by £0.01, which is the price in pounds of each Open Offer Share (giving you an amount of £2.50 in this example). You should write this amount in Box 5, rounding up to the nearest whole pence and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Application Form, together with a cheque or banker's draft for that amount, in the pre-paid envelope that accompanies the Application Form or return by post or by hand (during normal office hours only), to the Receiving Agent, Link Group, Corporate Actions, Central Square, 29 Wellington Street, Leeds, LS1 4DL so as to be received by the Receiving Agent by no later than 11.00 a.m. on 23 May 2024, after which time Application Forms will not be valid.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to Link Market Services Limited re: Surface Transforms Plc – Open Offer 2024 A/C and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will not be accepted (see paragraph 4.1(c) of Part III : "Terms and conditions of the Open Offer" of this document).

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 3 June 2024.

(c) ***If you want to take up all of your Open Offer Entitlement***

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is send the Application Form (ensuring that all joint holders sign (if applicable)), together with your cheque or banker's draft for the amount (as indicated in Box 5 of your Application Form), payable to "Link Market Services Limited re: Surface Transforms Plc – Open Offer 2024 A/C" and crossed "A/C payee only", in the pre-paid envelope that will accompany the Application Form or return by post or by hand (during normal office hours only), to the Receiving Agent, Link Group, Corporate Actions, Central Square, 29 Wellington Street, Leeds, LS1 4DL so as to be received by the Receiving Agent by no later than 11.00 a.m. on 23 May 2024 after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Link Market Services Limited re: Surface Transforms Plc – Open Offer 2024 A/C" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant's name at the building society or bank by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application.

Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) may not be accepted.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 3 June 2024.

(d) ***If you want to apply for more than your Open Offer Entitlement***

Provided you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares under the Excess Application Facility. You should write the number of Open Offer Shares comprised in your Open Offer Entitlement (as indicated in Box 7 of the Application Form) in Box 2 and write the number of additional Open Offer Shares for which you would like to apply in Box 3. You should then add the totals in Boxes 2 and 3 and insert the total number of Open Offer Shares for which you would like to apply in Box 4.

For example, if you have an Open Offer Entitlement for 500 Open Offer Shares but you want to apply for 750 Open Offer Shares in total, then you should write '500' in Box 2, '250' in Box 3 and '750' in Box 4. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '750') by £0.01, which is the price in pounds sterling of each Open Offer Share (giving you an amount of £7.50 in this example). You should write this amount in Box 5, rounding up to the nearest whole pence. You should then return your Application Form by post or by hand (during normal business hours) to the Receiving Agent, Link Group, Corporate Actions, Central Square, 29 Wellington Street, Leeds, LS1 4DL so as to be received by the Receiving Agent by no later than 11.00 a.m. on 23 May 2024. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Application Form.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, and the Board agree to do so, such applications will be scaled back *pro rata* to the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility. It should be noted that applications under the Excess Application Facility may not be satisfied in full. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for Open Offer Shares is expected to be despatched to you, at your own risk, by no later than 3 June 2024.

5. I HOLD MY EXISTING SHARES IN UNCERTIFICATED FORM IN CREST. WHAT DO I NEED TO DO IN RELATION TO THE OPEN OFFER?

CREST members should follow the instructions set out in Part III: "Terms and Conditions of the Open Offer" of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of (i) the number of Open Offer Shares which they are entitled to acquire under their Open Offer Entitlement and (ii) how to apply for Open Offer Shares in excess of their Open Offer Entitlements under the Excess

Application Facility provided they choose to take up their Open Offer Entitlement in full and should contact them should they not receive this information.

6. I ACQUIRED MY EXISTING ORDINARY SHARES PRIOR TO THE RECORD DATE AND HOLD MY EXISTING SHARES IN CERTIFICATED FORM. WHAT IF I DO NOT RECEIVE AN APPLICATION FORM OR I HAVE LOST MY APPLICATION FORM?

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying Shareholders who held their Existing Ordinary Shares in uncertificated form on 1 May 2024 and who have converted them to certificated form;
- Qualifying Shareholders who bought Existing Ordinary Shares before 7 May 2024 but were not registered as the holders of those shares at the close of business on 1 May 2024; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

7. CAN I TRADE MY OPEN OFFER ENTITLEMENT?

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), the Open Offer Entitlements will not be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their Open Offer Entitlement will have no rights under the Open Offer nor receive any proceeds from it. The Open Offer Shares have not been placed subject to clawback nor have they been underwritten.

8. WHAT IF I CHANGE MY MIND?

If you are a Qualifying non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares for which you have applied, except in the very limited circumstances which are set out in this document.

9. WHAT IF THE NUMBER OF OPEN OFFER SHARES TO WHICH I AM ENTITLED IS NOT A WHOLE NUMBER: AM I ENTITLED TO FRACTIONS OF OPEN OFFER SHARES?

If the number is not a whole number, you will not receive a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number. Fractions will be made available in the Excess Application Facility.

10. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHAT SHOULD I DO IF I HAVE SOLD SOME OR ALL OF MY EXISTING ORDINARY SHARES?

If you hold shares in Surface Transforms directly and you sell some or all of your Existing Ordinary Shares before 7 May 2024, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 1 May 2024 and before 7 May 2024, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

11. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I PAY?

Completed Application Forms should be returned with a cheque or banker's draft drawn in the appropriate form. All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Link Market Services Limited re: Surface Transforms Plc – Open Offer 2024 A/C" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) may not be accepted.

12. WILL THE EXISTING ORDINARY SHARES THAT I HOLD NOW BE AFFECTED BY THE OPEN OFFER?

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in Surface Transforms will be reduced.

13. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHERE DO I SEND MY APPLICATION FORM?

You should send your completed Application Form in the pre-paid envelope that accompanies the Application Form or return by post or by hand (during normal office hours only), together with the monies in the appropriate form, to: Link Group, Corporate Actions, Central Square, 29 Wellington Street, Leeds, LS1 4DL (who will act as receiving agent in relation to the Open Offer). If you post your Application Form by first-class post, you should allow at least four Business Days for delivery. If you do not want to take up or apply for Open Offer Shares then you need take no further action.

14. I HOLD MY EXISTING SHARES IN CERTIFICATED FORM. WHEN DO I HAVE TO DECIDE IF I WANT TO APPLY FOR OPEN OFFER SHARES?

The Receiving Agent must receive the Application Form by no later than 11.00 a.m. on 23 May 2024, after which time Application Forms will not be valid. If an Application Form is being sent by first class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

15. HOW DO I TRANSFER MY ENTITLEMENTS INTO THE CREST SYSTEM?

If you are a Qualifying non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (contained in the Application Form), and ensure it is delivered to CCSS in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this.

16. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHEN WILL I RECEIVE MY NEW SHARE CERTIFICATE?

It is expected that Link Group will post all new share certificates by 3 June 2024.

17. IF I BUY ORDINARY SHARES AFTER THE RECORD DATE, WILL I BE ELIGIBLE TO PARTICIPATE IN THE OPEN OFFER?

If you bought your Ordinary Shares on or after the ex-entitlement date, you are unlikely to be able to participate in the Open Offer in respect of such Ordinary Shares.

18. WHAT SHOULD I DO IF I LIVE OUTSIDE THE UNITED KINGDOM?

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located in the United States or any other Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part III: "Terms and Conditions of the Open Offer" of this document.

19. FURTHER ASSISTANCE

Should you require further assistance please contact the Receiving Agent on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Surface Transforms plc

(registered in England and Wales with registered number 03769702)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester M2 4WU on 23 May 2024 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 and 2 will be proposed as ordinary resolutions and resolution 3 will be proposed as a special resolution:

ORDINARY RESOLUTIONS

- (1) That, the limit on the maximum number of shares which the Company may issue be and is hereby increased from 443,603,462 to 1,511,748,346 ordinary shares of 1p each in the capital of the Company and the provision imported into the Company's articles of association by virtue of section 28 of the Companies Act 2006 (the "Act") be amended accordingly.
- (2) That, in substitution for all existing and unexercised authorities and powers, the directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as "Relevant Securities") up to an aggregate nominal value of £9,867,798.02 to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company),

PROVIDED THAT this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is 6 months after the next accounting reference date of the Company (if earlier) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Relevant Securities to be allotted after the expiry of such period and the directors of the Company may allot Relevant Securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTION

- (3) That, subject to and conditional upon the passing of resolution 2 and in substitution for all existing and unexercised authorities and powers, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by resolution 2 as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:
 - (a) the allotment, in aggregate, of 869,422,256 ordinary shares of 1p each in the capital of the Company in connection with the Conditional Placing and Open Offer (as such terms are defined in the circular of the Company dated 3 May 2024 to which this notice is attached);
 - (b) the allotment of equity securities in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory; and
 - (c) the allotment (otherwise than pursuant to sub-paragraphs (a) or (b) above) of equity securities up to an aggregate nominal amount of £352,072.64, representing approximately 10 per cent. of the current issued share capital of the Company and shall expire at the conclusion of the next annual general meeting or on the date which is 6 months after the next accounting reference date of the Company (if earlier) save that the Company may before such expiry make an offer or agreement

which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Richard Hattersley
Company Secretary

Dated: 3 May 2024

Registered office:
Image Business Park
Acornfield Road
Knowsley Industrial Park
Liverpool
L33 7UF

Notes:

1. A member of the Company entitled to attend and vote at the General Meeting convened by this notice is entitled to appoint a proxy or proxies to exercise any of his rights to attend, speak and vote at that meeting, on a poll, instead of him. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from attending and voting at the meeting in person should he subsequently decide to do so.
2. A proxy may only be appointed using the procedures set out in these notes and the enclosed proxy form. To be valid, the proxy form must reach the Company's registrars, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL no later than 11.00 a.m. on 21 May 2024. 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 enclosed with the proxy form.
3. In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his intention to revoke his proxy appointment and deposit it at the Company's registrars, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 11.00 a.m. on 21 May 2024.
4. The Company specifies that only those Shareholders of the Company on the register at close of business on 21 May 2024 shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. 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.
6. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's Receiving Agent, Link Group (whose CREST ID is RA10) by the specified latest time(s) for receipt of proxy appointments. 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 Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. 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.
7. Any corporation which is a member of the Company may authorise one or more persons (who need not be a member of the Company) to attend, speak and vote at the meeting as the representative of that corporation.
8. An ordinary resolution requires a simple majority of votes cast by shareholders voting in person or by proxy at the meeting to be passed. A special resolution requires a majority of not less than 75 per cent. of votes cast by those who vote either in person or by proxy at the meeting to be passed.
9. As at 3 May 2024, the Company's issued share capital comprised 352,072,638 ordinary shares of 1p each. Each share carries the right to one vote at a General Meeting of the Company and the Company holds no shares in treasury, therefore the total number of voting rights in the Company is 352,072,638.