

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or as to what action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised pursuant to the Financial Services and Markets Act 2000 (as amended) (FSMA) if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser.**

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document at once to the purchaser or transferee or to the stockbroker, banker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. Such documents should not, however, be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain this document.

The total consideration under the Retail Offer to existing Shareholders will be less than €8 million (or an equivalent amount) in aggregate and it is therefore an exempt offer to the public for the purposes of section 86(1)(e) of FSMA and the Placing Shares will only be available to qualified investors for the purposes of the Prospectus Regulation or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Neither the Placing nor the Retail Offer constitutes an offer to the public requiring an approved prospectus under section 85(1) of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Rules made by the Financial Conduct Authority of the United Kingdom (**FCA**) pursuant to sections 73A(1) and (4) of FSMA and has not been pre-approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body. This document has not been approved for issue by any person for the purposes of section 21 of FSMA.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to the standard listing segment of the Official List and admitted to trading on the Main Market of London Stock Exchange plc. It is expected that Admission will become effective and dealings will commence in the New Ordinary Shares on 14 March 2024. The New Ordinary Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid on or after they are issued.



## HEIQ PLC

*(incorporated and registered in England and Wales under the Companies Act 2006 under number 09040064)*

**Capital Reorganisation  
Issue of Convertible Loan Notes  
Placing of 7,866,709 Placing Shares and  
Retail Offer of up to 862,069 Retail Shares  
and  
Notice of General Meeting**

---

Cavendish Capital Markets Limited (**Cavendish**), which is authorised and regulated in the United Kingdom by the FCA, is acting as corporate finance advisor and sole broker to the Company in connection with the proposals described herein and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to its clients or for advising any other person in respect of the proposals or any transaction, matter or arrangement referred to in this document. Cavendish is acting exclusively as a sole broker to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to its clients or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Cavendish by the FSMA or the regulatory regime established thereunder, Cavendish does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the matters set out herein. Cavendish accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

This document does not constitute a prospectus for the purposes of the prospectus rules of the FCA. Accordingly, this document has not been approved by or filed with the FCA. This document does not constitute or form part of any offer or invitation to sell or issue or a solicitation of any offer to acquire, purchase or subscribe for Ordinary Shares in any jurisdiction. This document must not be distributed to a US Person (as such term is defined in Rule 902 of Regulation S under the US Securities Act of 1933, as amended (the **Securities Act**)) or within or into the United States, Canada, Japan, the Republic of South Africa (**South Africa**) or Australia. Ordinary Shares have not been and will not be registered under the Securities Act, and may not be offered or sold or subscribed, directly or indirectly, within the United States, Canada, Japan, South Africa or Australia or to or by any US Person (as such term is defined in Regulation S under the Securities Act) or any national resident or citizen of Canada, Japan, South Africa or Australia or any corporation, partnership or other entity created or organised under the laws thereof. Any failure to comply with this restriction may constitute a violation of the United States or other national securities laws. None of the information contained herein has been filed or will be filed with the US Securities and Exchange Commission, any regulator under any state securities laws or any other governmental or self-regulatory authority.

**Notice convening the General Meeting of the Company to be held at Cavendish Financial Plc, 1 Bartholomew Close, London EC1A 7BL on 13 March 2024 at 2.00 p.m. is set out in Part II of this document.**

**A summary of the action to be taken by Shareholders is set out in the explanatory notes to the Notice of the General Meeting set out in Part II of this document.**

**Whether or not you plan to attend the General Meeting, please complete the enclosed Form of Proxy. To be valid, the Proxy Form should be completed, signed and returned in accordance with the instructions printed thereon and Appendix 1 of the Notice of the General Meeting. Proxy Forms must be received by Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom; as soon as possible but in any event must arrive not later than 48 hours before the time fixed for the start of the General Meeting.**

**The completion and return of a Form of Proxy will not prevent you from attending, speaking and voting at the General Meeting in person should you wish to do so.**

This document should be read in its entirety in conjunction with the definitions set out herein. In particular your attention is drawn to the letter from the Chairwoman, which is set out on page 12 of this document, and which unanimously recommends that you vote in favour of the Resolutions.

The past performance of the Company and its securities is not, and should not be relied on as, a guide to the future performance of the Company and its securities. Neither the content of websites referred to in this document, nor any hyperlinks on such websites is incorporated in, or forms part of, this document.

Copies of this document, which is dated 21 February 2024, will be available free of charge to the public during normal working hours on any weekday (except public holidays) from the registered office of the Company at 5th Floor 15 Whitehall, London, England, SW1A 2DD.

No person should construe the contents of this document as legal, tax or financial advice and recipients of this Document should consult their own advisers on the matter described in this document.

## IMPORTANT NOTICE

### Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

### Notice to overseas persons

The distribution of this document and/or any accompanying documents in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Ordinary Shares have not been, nor will they be, registered under the Securities Act and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Subject to certain exemptions, this document does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States.

There will be no public offer in the United States. Outside of the United States, the New Ordinary Shares are being offered in reliance on Regulation S under the Securities Act. The New Ordinary Shares will not qualify for distribution under the relevant securities laws of Australia, Canada, Japan, the Republic of South Africa, nor has any prospectus in relation to the New Ordinary Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the New Ordinary Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Australia, Canada, Japan, the Republic of South Africa, or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a **Restricted Jurisdiction**) or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

**Presentation of financial information**

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent. In this document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom and references to "Euro" or "€" are to lawful currency of the participating member states of the European Union.

**Presentation of market, economic and industry data**

Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

**No incorporation of website information**

The contents of the Company's website or any hyperlinks accessible from the Company's website do not form part of this document and Shareholders should not rely on them.

**Interpretation**

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions".

All times referred to in this document and the Form of Proxy are, unless otherwise stated, references to London time.

All references to legislation in this document and the Form of Proxy are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

## TABLE OF CONTENTS

	<b>Page</b>
<b>DIRECTORS, COMPANY SECRETARY AND ADVISERS .....</b>	<b>6</b>
<b>EXPECTED TIMETABLE OF PRINCIPAL EVENTS .....</b>	<b>7</b>
<b>KEY STATISTICS .....</b>	<b>8</b>
<b>DEFINITIONS .....</b>	<b>9</b>
<b>PART I: LETTER FROM THE CHAIRWOMAN OF THE COMPANY .....</b>	<b>12</b>
<b>PART II: NOTICE OF GENERAL MEETING .....</b>	<b>21</b>

## DIRECTORS, COMPANY SECRETARY AND ADVISERS

<b>Directors</b>	Esther Dale-Kolb, <i>Independent Non-Executive Chairwoman</i> Carlo Centonze, <i>Co-founder and Chief Executive Director</i> Xaver Hangartner, <i>Chief Financial Officer and Executive Director</i> Benjamin Bergo, <i>Non-Executive Director</i> Karen Brade, <i>Non-Executive Director</i> Robert van de Kerkhof, <i>Non-Executive Director</i>  <i>all of whose business address is at the Company's registered office below</i>
<b>Registered Office</b>	5th Floor 15 Whitehall London SW1A 2DD England
<b>Company Secretary</b>	Ross Ainger
<b>Company website</b>	<a href="https://www.heiq.com/">https://www.heiq.com/</a>
<b>Corporate finance advisor and sole broker</b>	Cavendish Capital Markets Limited 1 Bartholomew Close London EC1A 7BL
<b>Legal Adviser to the Company</b>	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
<b>Legal Adviser to Cavendish</b>	Dentons UK and Middle East LLP One Fleet Place London EC4M 7WS
<b>Registrars</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and date (as applicable)
Issue of the Convertible Loan Notes	15 February 2024
Announcement of the launch of the Placing	6.00 p.m. 15 February 2024
Announcement of the launch of the Retail Offer	6.00 p.m. 15 February 2024
Announcement of the Result of the Placing	7:00 a.m. 16 February 2024
Latest Practicable Date	20 February 2024
Publication and posting of this Circular and Form of Proxy	21 February 2024
Latest time and date for receipt of bids in the Retail Offer on Bookbuild	4.30 p.m. 22 February 2024
Announcement of results of the Retail Offer	7.00 a.m. 23 February 2024
Latest time and date for receipt of completed Forms of Proxy to be valid at the General Meeting	2.00 p.m. on 11 March 2024
General Meeting	2.00 p.m. on 13 March 2024
Announcement of results of the General Meeting	13 March 2024
Record time and date of Sub-Division	6.00 p.m. 13 March 2024
Admission and commencement of dealings in the New Ordinary Shares and Fundraise Shares	8.00 a.m. on 14 March 2024
CREST accounts to be credited for Fundraise Shares to be held in uncertificated form	14 March 2024
Dispatch of definitive share certificates for Fundraise Shares to be held in certificated form	Within 10 Business Days of Admission

### **Notes:**

- Each of the times and dates above are indicative only and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a Regulatory Information Service.
- All of the above times refer to London time unless otherwise stated.
- Events listed in the above timetable after the General Meeting are conditional on the passing at the General Meeting of the Resolutions.

## KEY STATISTICS

Issue Price	8.7 pence
Number of Existing Ordinary Shares <sup>(1)</sup>	140,537,907
Maximum number of Fundraise Shares	28,000,000
comprising:	
• Number of Convertible Loan Note Shares <sup>(2)</sup>	19,271,222
• Number of Placing Shares	7,866,709
• Maximum number of Retail Shares	862,069
Number of New Ordinary Shares in issue immediately following Admission <sup>(3)</sup>	168,537,907
Percentage of the Company's share capital following completion of the Fundraise represented by the Fundraise Shares	16.61
Gross proceeds from the issue of the Convertible Loan Notes	Approximately £1.68 million
Gross proceeds of the Placing	£684,404
Maximum gross proceeds of the Retail Offer	£75,000
Estimated cash proceeds of the Fundraise receivable by the Company (net of expenses) <sup>(4)</sup>	£2,313,030
ISIN of the Ordinary Shares	GB00BN2CJ299

<sup>(1)</sup> As at 20 February 2024, being the last practicable Business Day prior to the publication of this document.

<sup>(2)</sup> Assuming conversion of the Convertible Loan Notes prior to Admission at the Issue Price.

<sup>(3)</sup> Assuming conversion of the Convertible Loan Notes prior to Admission at the Issue Price.

<sup>(4)</sup> Assuming the Retail Offer is taken up in full.

## DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

<b>Act</b>	the Companies Act 2006, as amended
<b>Admission</b>	admission of the New Ordinary Shares and Fundraise Ordinary Shares to (i) the standard listing segment of the Official List, and (ii) London Stock Exchange for admission of those shares to trading on the Main Market and such admission becoming effective in accordance with the Listing Rules
<b>Bookbuild</b>	the retail capital raising platform operated by BB Technology Limited and known as BookBuild which will host the Retail Offer
<b>Business Day</b>	any day on which the London Stock Exchange is open for business and banks are open for business in London, excluding Saturdays and Sundays
<b>Capital Reorganisation</b>	the capital reorganisation of each Existing Ordinary Share into one New Ordinary Share and one Deferred Share
<b>Cavendish</b>	Cavendish Capital Markets Limited, registered in England and Wales with company number 06198898 and having its registered office at 1 Bartholomew Close, London, England EC1A 7BL
<b>certificated or in certificated form</b>	an Ordinary Share which is not in uncertificated form (that is, not in CREST)
<b>Change of Control</b>	means the acquisition of a controlling interest in the Company (as defined in section 1124 of the Corporation Tax Act 2010) by any person or persons acting in concert (as defined in the City Code on Takeovers and Mergers) with them
<b>Circular or this document</b>	this document, posted to Shareholders on 21 February 2024
<b>Closing Price</b>	the closing middle market quotation of an Ordinary Share
<b>Company or HeiQ</b>	HeiQ plc, a company registered in England and Wales with company number 09040064 and having its registered office at 5th Floor 15 Whitehall, London, England, SW1A 2DD
<b>Computershare or Registrar</b>	Computershare Investor Services PLC
<b>Convertible Loan Note Instrument</b>	the convertible loan note instrument dated 15 February 2024, pursuant to which the Company will issue the Convertible Loan Notes to each of the Convertible Loan Note Holders
<b>Convertible Loan Notes</b>	the non interest-bearing unsecured convertible loan notes of €1.00 principal each, with an aggregate principal amount of €1,970,000 to be issued by the Company to each of the Convertible Loan Note Holders pursuant to the Convertible Loan Note Instrument

<b>Convertible Loan Note Holders</b>	each of (1) Bruno Odermatt, (2) Darren Morcombe, (3) Mike Abbott, (4) Tom Ellefsen, (5) Amine Chraibi, (6) Xaver Hangartner, (7) Julien Born, (8) Emanuelle Centonze, (9) Esther Dale-Kolb, (10) Bombix Growth Fund SCSp, (11) Cortegrando AG (being a company wholly owned by Carlo Centonze) and (12) Raquel Vaz Vieira
<b>Convertible Loan Note Shares</b>	the 19,271,222 New Ordinary Shares to be issued on the conversion of the Convertible Loan Notes at the Issue Price
<b>CREST</b>	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
<b>Deferred Shares</b>	the deferred shares of 25 pence each in the capital of the Company to be created following the Sub-Division
<b>Directors or Board</b>	the directors of the Company, whose names are set out on page 6 of this document
<b>Euroclear</b>	Euroclear UK & International Limited, the operator of CREST
<b>Existing Ordinary Shares</b>	the 140,537,907 ordinary shares of 30 pence each in the capital of the Company in issue on the Latest Practicable Date
<b>FCA</b>	the Financial Conduct Authority
<b>Form of Proxy</b>	the form of proxy for use in connection with the General Meeting which accompanies the Circular
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>Fundraise</b>	together, the issue of the Convertible Loan Notes, the Placing, and the Retail Offer
<b>Fundraise Shares</b>	together, the Convertible Loan Note Shares, Placing Shares, and the Retail Shares
<b>General Meeting</b>	the general meeting of the Company to be held at 2.00 p.m. on 13 March 2024 at the offices of Cavendish Financial plc, One Bartholomew Close, London EC1A 7BL or any adjournment thereof, notice of which is set out in this document
<b>Group</b>	together, the Company and its subsidiary undertakings
<b>Issue Price</b>	8.7 pence per Fundraise Share
<b>Latest Practicable Date</b>	20 February 2024, being the latest practicable date prior to the publication of this document
<b>Listing Rules</b>	the listing rules made by the FCA under Part VI of FSMA
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Main Market</b>	the London Stock Exchange's main market for listed securities
<b>New Ordinary Shares</b>	the ordinary shares of 5 pence each in the capital of the Company to be created following the Sub-Division
<b>Notice of General Meeting</b>	the notice convening the General Meeting which forms part of this Circular

<b>Ordinary Shares</b>	ordinary shares in the capital of the Company
<b>Placees</b>	persons who have agreed to subscribe for Placing Shares under the Placing
<b>Placing</b>	the conditional placing by Cavendish, as agent of and on behalf of the Company, of the Placing Shares at the Issue Price pursuant to the Placing Agreement
<b>Placing Agreement</b>	the conditional agreement dated 15 February 2024 between the Company and Cavendish, relating to the Placing
<b>Placing Shares</b>	the 7,866,709 New Ordinary Shares to be issued pursuant to the Placing
<b>Regulatory Information Service</b>	a service approved by the London Stock Exchange for the distribution to the public of announcements and included within the list on the website of the London Stock Exchange
<b>Resolutions</b>	the resolutions set out in the Notice of General Meeting
<b>Restricted Jurisdictions</b>	the United States, Canada, Australia, Japan, the Republic of South Africa and any other jurisdiction where the extension into, or availability of, the Fundraise would breach any applicable law
<b>Retail Offer</b>	the conditional offer of the Retail Shares to Shareholders via the Bookbuild platform in the United Kingdom at the Issue Price
<b>Retail Shares</b>	up to 862,069 New Ordinary Shares to be issued pursuant to the Retail Offer subject to, <i>inter alia</i> , the passing of the Resolutions
<b>Securities Act</b>	the United States Securities Act of 1933, as amended
<b>Shareholder</b>	a holder of Existing Ordinary Shares
<b>Sub-Division</b>	the sub-division of each Existing Ordinary Share into one New Ordinary Share and one Deferred Share to effect the Capital Reorganisation
<b>uncertificated or in uncertificated form</b>	recorded on a register of securities maintained by Euroclear in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

## PART I: LETTER FROM THE CHAIRWOMAN OF THE COMPANY



5th Floor  
15 Whitehall  
London  
SW1A 2DD

21 February 2024

Dear Shareholder

### **Proposed Capital Reorganisation and Fundraise of up to £2,435,999 comprising the issue of Convertible Loan Notes, a Placing of 7,866,709 Placing Shares, and Retail Offer of up to 862,069 Retail Shares, each at a price of 8.7 pence per Fundraise Share and Notice of General Meeting**

#### **Introduction**

On 16 February 2024, the Company announced that it had conditionally raised up to c£2.44 million by way of: (i) a placing of approximately £0.685 million (the **Placing**); (ii) a retail offer targeting existing UK resident retail Shareholders of up to an additional £75k via Bookbuild (the **Retail Offer**) and (iii) the issue of €1.97 million in principal amount of unsecured non-interest bearing convertible loan notes (the **Convertible Loan Notes**), all to be issued or converted at the issue price of 8.7p per share (the **Issue Price**).

The Fundraise is conditional, *inter alia*, on the Capital Reorganisation being approved by Shareholders and the admission of the New Ordinary Shares and the Fundraise Shares to trading on the Main Market of the London Stock Exchange.

The Capital Reorganisation is required to proceed because the Company's Shares have been trading below the current nominal value of the Existing Ordinary Shares of 30 pence. The Act prohibits a public company from issuing shares at a discount to the nominal or par value of its shares. Therefore, to ensure that the Company can carry out the Fundraise and issue the Fundraise Shares at the Issue Price, it is necessary to reduce the nominal value of the Company's Existing Ordinary Shares.

The Directors therefore propose to effect a Capital Reorganisation on the following basis:

- each of the Existing Ordinary Shares of 30 pence each will be subdivided into and reclassified as one New Ordinary Share of 5 pence and one Deferred Share of 25 pence;
- each New Ordinary Share is an ordinary share in the capital of the Company with a nominal value of 5 pence each and having identical rights to the Existing Ordinary Shares;
- each Deferred Share is a deferred share in the capital of the Company with a nominal value of 25 pence each and having those rights set out in the Articles, as to be amended; and
- an amendment of the Articles to set out the rights attaching to the Deferred Shares.

This is a technical change only and does not affect the rights of any holder of Existing Ordinary Shares.

The Capital Reorganisation is subject to Shareholders' approval at the General Meeting. The General Meeting will be held at 2.00 p.m. on 13 March 2024 at the offices of Cavendish Financial plc, One Bartholomew Close, London EC1A 7BL. The Notice of Meeting and accompanying notes are set out on pages 21 to 27 of this document.

The purpose of this document is to provide Shareholders with details of the Capital Reorganisation and Fundraise and to explain why the Directors are recommending Shareholders to vote in favour of the Capital Reorganisation at the General Meeting.

## 1 PROPOSED CAPITAL REORGANISATION

The Capital Reorganisation requires the passing of the resolutions in relation to the Capital Reorganisation, being Resolutions 1 and 2, at the General Meeting, which is to be held at 2.00 p.m. on 13 March 2024. If the Resolutions are passed, the Capital Reorganisation will become effective immediately following the close of business on that date.

It is proposed that each Existing Ordinary Share of 30 pence in the capital of the Company be subdivided into one New Ordinary Share of 5 pence and one Deferred Share of 25 pence each.

For purely illustrative purposes, examples of the effects of the proposed Capital Reorganisation (should it be approved by Shareholders) are set out below:

Number of Existing Ordinary Shares held	Number of New Ordinary Shares following the Capital Reorganisation	Number of Deferred Shares following the Capital Reorganisation
99	99	99
100	100	100
1,000	1,000	1,000

The issued share capital of the Company immediately following completion of the Capital Reorganisation (assuming no issue of Ordinary Shares, including on any exercise of options or other convertible instruments between the date of this document and the close of business on 13 March 2024) will comprise 140,537,907 New Ordinary Shares and 140,537,907 Deferred Shares.

The New Ordinary Shares created upon implementation of the Capital Reorganisation will have the same rights as the Existing Ordinary Shares including voting, dividend, return of capital and other rights.

The Deferred Shares will have very limited rights; in particular they do not carry voting rights and will only receive a return on a capital event relating to the Company after every ordinary share has had the sum of £1,000,000 returned on them. It is a condition of issue of the Deferred Shares that the Company will not issue any share certificates or credit CREST accounts in respect of them. The Deferred Shares will not be admitted to trading on the Main Market or any other exchange. The number of Ordinary Shares held by Shareholders will not be affected by the Capital Reorganisation.

Following the Capital Reorganisation becoming effective, the New Ordinary Shares will have the same ISIN, SEDOL code and number of total voting rights as the Existing Ordinary Shares.

## 2 THE FUNDRAISE

The Fundraise consists of the issue of Convertible Loan Notes, the Placing and the Retail Offer and will raise up to £2,436,000 in aggregate, assuming full take up of the Retail Offer. The Fundraise is conditional on, *inter alia*, the Resolutions being passed by the Shareholders at the General Meeting and Admission becoming effective.

The Board is pleased to offer eligible UK retail Shareholders the opportunity to participate in the Fundraise through the Retail Offer on Bookbuild to raise a maximum of £75,000 (assuming full take up of the Retail Offer) through the issue of up to 862,069 Retail Shares at the Issue Price. The Retail Offer is expected to close at 4.30 p.m. on 22 February 2024.

You will find at the end of this document a notice convening a general meeting to be held at Cavendish Financial Plc, 1 Bartholomew Close, London EC1A 7BL on 13 March 2024 at 2.00 p.m. to consider and, if thought appropriate, pass the Resolutions which will permit the directors of the Company to issue and allot the Fundraise Shares and to do so for cash free of pre-emption rights.

Subject to Shareholder approval of the Resolutions at the General Meeting, an application will be made to: (i) the FCA for the admission of the New Ordinary Shares and the Fundraise Shares to the standard listing segment of the Official List; and (ii) the London Stock Exchange for admission of those shares to trading on its Main Market.

It is expected that Admission will become effective at 8.00 a.m. on 14 March 2024 (or such later date as the Company and Cavendish may agree, but not later than 29 March 2024).

Subject to the Resolutions being passed by Shareholders at the General Meeting, each of the Fundraise Shares will, on Admission rank *pari passu* in all respects with the New Ordinary Shares and will rank in full for all dividends and other distributions declared, made or paid on the New Ordinary Shares after Admission.

The Issue Price represents a discount of approximately 9.38 per cent. to the Closing Price of 9.6 pence per Existing Ordinary Share on 20 February 2024, being the latest practicable date prior to the announcement of the Fundraise.

**The purpose of this document is to provide you with information about the background to and the reasons for the Fundraise, to explain why the Board considers the Fundraise to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions, as they intend to do in respect of their respective shareholdings. A notice convening the General Meeting to approve the Resolutions is set out at the end of this document.**

#### **Importance of vote**

**If the Resolutions are not approved by Shareholders at the General Meeting, the Fundraise would not proceed as currently envisaged and, as such, the anticipated net proceeds of the Fundraise would not become available to the Company.**

#### **Background to and reasons for the Fundraise**

The proceeds of the Fundraise have been utilised to complete the acquisition of a new manufacturing facility in Portugal to commercialise its AeoniQ technology, a sustainable substitute for existing synthetic filament yarns (the **Acquisition**), and will also provide working capital for the wider Group's operations. Further detail on the Company's trading and developments relating to HeiQ AeoniQ are set out below.

#### **2023 Trading Update and Current Market Environment**

Despite highly challenging market conditions, HeiQ announced that revenues for 2023 are anticipated to be in line with market expectations, at approximately \$41 million. This outcome was achieved during a period of continued difficulties in the industry, as global apparel demand continued to shrink in Q3 2023 compared to Q3 2022 by -3% (China -3%, EU -5%, US +1%) (source: [Lenzing](#)). Historically high inventory levels in Q3 2023 in the US remained at +23% compared to the median 2012-2019 (source: [Lenzing](#)). The ongoing challenges into the final quarter of the financial year mean that the Company expects EBITDA to be below market expectations. Cash as at 31 December 2023 was approximately \$10 million having utilised additional headroom under the Company's current facilities, with net debt position, excluding liabilities from lease contracts, of \$2 million at year end. Net debt including lease liabilities amounted to approximately \$10 million (as at 31 December 2023).

Market conditions in Q1 2024 remain challenging (source: McKinsey), with US optimism balancing Chinese pessimism (source: [Reuters](#)). However, it is pleasing to report that there is widespread consensus in the industry that H2 2024 will see consumer confidence improve, inventories reduce to historical averages, and the industry will grow again from today's stabilized low levels (source: [Vinatex](#)). With a leading product range, its innovative approach and a reduced cost base, HeiQ is well placed to benefit from this improving picture.

Throughout 2023, HeiQ has focused on balancing investment into its venture innovations (such as HeiQ AeoniQ, HeiQ GrapheneX & HeiQ ECOS) while applying tight cost control across the Group. In a move to reduce costs while preserving capabilities, in preparation for the expected market upturn, HeiQ relocated a substantial part of shared functions to Portugal, a country with great talent and a thriving textile industry. CAPEX investment has been strictly prioritized for license-to-operate and short-term growth project investments. All this has been done to conserve cash and capabilities.

Reorganization into three commercial business units with dedicated leadership teams (Textiles & Flooring, Lifesciences and Antimicrobials) and three ventures (AeoniQ, GrapheneX and ECOS) along with selected leadership changes have increased agility and empowerment.

The Directors believe that HeiQ, with its exciting pipeline of innovations anticipating fundamental market trends, is well positioned to achieve high growth rates in its three business units where market conditions have been challenging for the past two years. In addition, there has been significant progress with developments surrounding the HeiQ AeoniQ venture.

## **HeiQ AeoniQ update**

HeiQ AeoniQ, a circular filament yarn made from cellulose, is designed as a substitute for existing synthetic filament yarns, such as environmentally persistent Polyester and Nylon, which constitute over 60% of global annual textile output of 111 million metric tons (source: Statista). HeiQ AeoniQ is the Company's key disruptive technology initiative and is ready to move from a pilot plant to a first production site at commercial scale. The Company aims to reach commercial production by the start of 2026 following the recent achievement of key milestones.

### ***Appointment of Julien Born as Chief Executive Officer (CEO) for HeiQ AeoniQ***

The Company has appointed Julien Born as CEO of HeiQ AeoniQ. Julien has demonstrated leadership and knowledge of the textiles industry and brings valuable experience from renowned companies such as DuPont, KOCH Industries, and The LYCRA Company, where he was CEO from 2021 until last year.

Julien's appointment follows the appointment of Robert van de Kerkhof as HeiQ AeoniQ Chairman, who has over 30 years' experience in sustainability leadership and extensive knowledge of the textiles industry and served until Q4 2023 as CCO/CSO and Board member of Lenzing AG.

Julien and Robert strengthen the team around HeiQ's technical industry expert Martin Gerbert-Germ, former Indorama Ventures Executive, who after succeeding with the pilot plant in Austria takes on the role as HeiQ AeoniQ COO, focusing on the scale-up of the production plant of HeiQ AeoniQ in Portugal.

### ***Portugal factory site purchase for scale-up of first 3k tons commercial production plant***

Following a successful pilot plant study in Austria, HeiQ has acquired, what it considers to be, the ideal location for the first commercial HeiQ AeoniQ plant in Maia, Portugal. The Directors believe that the secured site is the right location for commercial filament production with a capacity of approximately 3,000 tons per annum. The site is in the proximity of HeiQ's current Service Center Hub in Maia, Portugal. The Company intends to consolidate the Group's current and future activities in Portugal at the newly acquired site. This includes Shared Service Center functions as well as the Innovation hub for the Textile & Flooring business unit. The Company was able to move quickly and, as a result, agreed a consideration of approximately €5 million (including taxes) for the Acquisition, which the Directors believe represents a significant discount to market prices for similar properties.

### ***Financing of HeiQ AeoniQ site purchase***

In order to close the transaction in a short timeframe and to secure the abovementioned favourable terms, the Company has paid the consideration from existing cash balances and credit lines as well as through a €1.475 million short-term shareholder loan from Cortegrande AG (owned by Group CEO Carlo Centonze), together with the proceeds from the issue of the Convertible Loan Notes to certain of the management team and other existing shareholders, as detailed below, raising €1.97 million. The Convertible Loan Notes will convert automatically at the Issue Price into the Convertible Loan Note Shares following the passing of the resolutions at the General Meeting.

The Company is also offering the Company's wider shareholder base the opportunity to participate in the Fundraising. Accordingly, the Board has decided to issue up to approximately 19.9% of the Company's existing issued share capital through the Placing, the Retail Offer and the conversion of the Convertible Loan Notes, as detailed below.

### ***Financing of production equipment for the first commercial plant – Award of a first government Grant***

HeiQ has secured an initial EU/Portugal grant "Bioeconomia" up to approximately €10 million for investments in facility equipment, machinery and further R&D activities at its newly acquired AeoniQ facility. A further, second grant is being submitted with the aim to increase the overall grant support by up to 40% of the total project capital expenditure. The Company continues to explore various opportunities to fund the balance of the overall capex (which will be phased) including with strategic partners by bankable offtake agreements.

## Details of the Fundraise

### Convertible Loan Note

The Company entered into the Convertible Loan Note Instrument dated 15 February 2024 pursuant to which the Company issued the Convertible Loan Notes to the Convertible Loan Note Holders.

The Convertible Loan Notes will automatically convert into Convertible Loan Note Shares on the passing of Resolution 1 and Resolution 4 at the General Meeting

On the passing of Resolution 1 and Resolution 4 and completion of the Capital Reorganisation, the Convertible Notes will automatically be converted at the Issue Price (or if for any reason the Placing does not complete, 8.7 pence). If Resolution 1 and Resolution 4 are not passed, the Convertible Notes will not be capable of conversion and instead will be repaid on 30 June 2024.

The Convertible Loan Notes have a maturity date expiring on 30 June 2024 but will become immediately repayable on a change of control or event of default (as such terms are defined in the Convertible Loan Note Instrument). The Company may repay the Convertible Loan Notes in full or in part prior to the maturity date. On repayment of the Convertible Loan Notes whether on maturity or otherwise, the Company must repay an amount equal to 100 per cent of the outstanding principal.

Notwithstanding the maturity date, and the Company's repayment obligations noted above, subject to the passing of the Resolution 1 and Resolution 4, the Convertible Loan Notes will be converted into the Convertible Loan Note Shares prior to the maturity date at 8.7 pence.

The Company has given each of the Convertible Loan Note Holders customary undertakings which shall remain in force for so long as any amount is outstanding under the Convertible Loan Notes. The Convertible Loan Notes are unsecured and do not bear interest.

### The Placing

The Company has conditionally raised approximately £684,404 million (before expenses) by way of a conditional placing by Cavendish, as agent to the Company, of 7,866,709 New Ordinary Shares at the Issue Price pursuant to the Placing Agreement.

The Placing is conditional, amongst other things, on the passing of the Resolutions, the Placing Agreement not having been terminated and Admission occurring on or before 8.00 a.m. on 14 March 2024 (or such later date as Cavendish and the Company may agree, being not later than 8.00 a.m. on 29 March 2024).

Under the terms of the Placing Agreement, Cavendish, as agent for the Company, has agreed to use its reasonable endeavours to procure Placees for the Placing Shares at the Issue Price. The Company has given certain customary warranties to Cavendish in connection with the Fundraise and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Cavendish in relation to certain liabilities it may incur in undertaking the Fundraise. Cavendish has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, for a material breach of any of the warranties. The Placing is not being underwritten by Cavendish or any other party.

The Placing Shares will be allotted and credited as fully paid and will rank *pari passu* in all respects with the New Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or after the date on which they are issued.

### The Retail Offer

The Company values its retail Shareholder base and believes that it is appropriate to provide its existing retail Shareholders resident in the United Kingdom the opportunity to participate in the Retail Offer at the Issue Price. The Retail Offer is separate from the Placing and Cavendish is not responsible for the Retail Offer, and has no obligation to the Company in respect of the Retail Offer.

The Company is therefore using the Bookbuild platform to make the Retail Offer available in the United Kingdom through the financial intermediaries (normally a broker, investment platform or wealth manager) which is listed, subject to certain access restrictions, on the following website: <https://www.bookbuild.live/deals/213NL1/authorised-intermediaries>. Cavendish is acting as retail offer coordinator in relation to this Retail Offer (the **Retail Offer Coordinator**).

Existing retail Shareholders can contact their broker or wealth manager (**Intermediary**) to participate in the Retail Offer. In order to participate in the Retail Offer, each Intermediary must be on-boarded onto the Bookbuild platform and agree to the final terms and the Retail Offer terms and conditions, which regulate, *inter alia*, the conduct of the Retail Offer on market standard terms and provide for the payment of commission to any intermediary that elects to receive a commission and/or fee (to the extent permitted by the FCA Handbook Rules) from the Retail Offer Coordinator (on behalf of the Company).

Any expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that intermediary pursuant to the Retail Offer.

As detailed in the Company's recent announcement, the Retail Offer is open to eligible investors in the United Kingdom from 8.00 a.m. on 16 February 2024. The Retail Offer is expected to close at 4.30 p.m. on 22 February 2024. Eligible Shareholders should note that financial intermediaries may have earlier closing times. In addition, the Retail Offer may close early if it is oversubscribed.

The Retail Offer is and will, at all times, only be made to, directed at and may only be acted upon by those persons who are, shareholders in the Company. To be eligible to participate in the Retail Offer, applicants must meet the following criteria before they can submit an order for Retail Shares: (i) be a customer of one of the participating intermediaries listed on the above website; (ii) be resident in the United Kingdom and (iii) be a shareholder in the Company (which may include individuals aged 18 years or over, companies and other bodies corporate, partnerships, trusts, associations and other unincorporated organisations and includes persons who hold their shares in the Company directly or indirectly through a participating Intermediary). For the avoidance of doubt, persons who only hold CFDs, Spreadbets and/or similar derivative instruments in relation to shares in the Company are not eligible to participate in the Retail Offer.

The Company reserves the right to scale back any order at its discretion. The Company reserves the right to reject any application for subscription under the Retail Offer without giving any reason for such rejection. The Retail Offer is not being underwritten.

**It is important to note that once an application for Retail Shares has been made and accepted via an Intermediary, it cannot be withdrawn.**

The Retail Offer is an offer to subscribe for transferable securities, the terms of which ensure that the Company is exempt from the requirement to issue a prospectus under Regulation (EU) 2017/1129 as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018. It is a term of the Retail Offer that the aggregate total consideration payable for the Retail Shares will not exceed £75,000 (or the equivalent in Euros). The exemption from the requirement to publish a prospectus, set out in section 86(1)(e) of the FSMA, will apply to the Retail Offer.

A separate announcement will be made by the Company regarding the Retail Offer and its terms. The Retail Offer remains conditional on, *inter alia*:

- (a) the Placing being or becoming wholly unconditional (however, the Placing is not conditional on the Retail Offer); and
- (b) Admission of the Fundraise Shares becoming effective by no later than 8.00 a.m. on 14 March 2024 or such later time and/or date as Cavendish and the Company may agree.

Conditional on Admission taking effect, up to 862,069 Retail Shares will be issued pursuant to the Retail Offer at the Issue Price to raise proceeds of up to £75,000 (before expenses). The Retail Shares, when issued and fully paid, will rank *pari passu* in all respects with the New Ordinary Shares (including the Placing Shares).

Application will be made for the admission of the Retail Shares to the Standard Segment listing segment of the Official List, and (ii) London Stock Exchange for admission of those shares to trading on the Main Market. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 14 March 2024, at which time it is also expected that the Retail Shares will be enabled for settlement in CREST.

**If you are in any doubt as to what action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

### Settlement and Dealings

The Fundraise Shares, when issued, will be fully paid and will rank *pari passu* in all respects with the New Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue.

Application will be made for the admission of the Fundraise Shares to (i) the Standard listing segment of the Official List, and (ii) London Stock Exchange for admission of those shares to trading on the Main Market. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 14 March 2024.

In accordance with the provisions of the Disclosure Guidance and Transparency Rules of the FCA, the Company confirms that, immediately following Admission, its issued share capital will comprise 168,537,907 Ordinary Shares of 5 pence each (assuming full take up of the Retail Offer). All Ordinary Shares shall have equal voting rights and, following the Fundraise, none of the Ordinary Shares will be held in treasury. The total number of voting rights in the Company immediately following Admission will therefore be 168,537,907 (assuming full take up of the Retail Offer).

### Participation of the Directors in the Fundraise

Each of Carlo Centonze (by way of Cortegrande AG), Esther Dale-Kolb and Xaver Hangartner, who are directors, have agreed to subscribe for Convertible Loan Notes.

The number of Convertible Loan Note Shares held by each of Carlo Centonze, Xaver Hangartner and Esther Dale-Kolb and their resulting shareholdings upon Admission are set out below:

Name	Number of Existing Ordinary Shares	Percentage of Ordinary Shares	Value of Convertible Loan Notes issued (€)	Number of Convertible Loan Note Shares issued	Number of Ordinary Shares held following Admission <sup>(1)</sup>	Percentage of the Ordinary Shares following completion of the Fundraise and Admission <sup>(2)</sup>
Carlo Centonze <sup>(3)</sup>	15,142,533	10.77	991,500 <sup>(4)</sup>	9,699,193	24,841,726	14.74
Esther Dale-Kolb	902,986	0.64	18,500	180,974	1,083,960	0.64
Xaver Hangartner	493,746	0.35	7,500	73,368	567,114	0.34

<sup>(1)</sup> Assuming the Convertible Loan Notes are converted into New Ordinary Shares at the Issue Price in accordance with the terms of the Convertible Loan Note Instrument following the passing of Resolution 1 and Resolution 4.

<sup>(2)</sup> Assuming the Retail Offer is taken up in full.

<sup>(3)</sup> Includes shares held by close relatives and controlled entities.

<sup>(4)</sup> Held by Cortegrand AG, a company wholly owned by Carlo Centonze

### General Meeting

A notice convening the General Meeting to be held at the offices of Cavendish Financial plc, 1 Bartholomew Close, London EC1A 7BL on 13 March 2024 at 2.00 p.m. is set out in Part II of this document, to consider and, if thought appropriate, pass the following resolutions:

- Resolution 1 which is an ordinary resolution to authorise the Directors to sub-divide the Existing Ordinary Shares into one ordinary share of 5 pence in the capital of the Company (**New Ordinary Share**) and one deferred share of 25 pence in the capital of the Company (**Deferred Share**);
- Resolution 2 which is a special resolution to amend the Articles by replacing the existing definition of Ordinary Shares to note the new nominal value of the Ordinary Shares of 5 pence pursuant to passing of Resolution 1 above and to set out the rights attaching to the Deferred Shares;
- Resolution 3 which is an ordinary resolution to authorise the Directors to allot equity securities up to a maximum aggregate nominal amount of £1,400,000 pursuant to the Fundraise; and

- Resolution 4 which is a special resolution and is conditional on the passing of Resolution 3, to authorise the Directors to issue and allot equity securities on a non-pre-emptive basis up to a maximum aggregate nominal amount of £1,400,000 in respect of the Fundraise.

The authorities granted pursuant to Resolutions 3 and 4 will expire on 30 April 2024.

Resolutions 1 and 3 will be proposed as ordinary resolutions. For an ordinary resolution to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 2 and 4 will be proposed as special resolutions. For a special resolution to be passed, at least three quarters of the votes cast must be in favour of the resolution.

### **Action to be taken**

Shareholders are strongly encouraged to appoint the Chairwoman of the General Meeting as their proxy for the General Meeting. This will ensure that your vote will be counted even if attendance at the General Meeting is restricted or you are unable to attend.

If you would like to vote on the Resolutions, you may appoint a proxy by completing, signing and returning the Form of Proxy to the Company's Registrar, Computershare Investor Services PLC so that it is received no later than 2.00 p.m. on 11 March 2024. Proxy Forms may be lodged using one of the following methods:

- a) by returning a completed Proxy Form by post to Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY United Kingdom; or
- b) by recording the proxy appointment electronically via the internet at [www.eproxyappointment.com](http://www.eproxyappointment.com). Full details of the procedure are given on that website and your Control Number, Shareholder Reference Number (SRN) and PIN can be found on your Proxy Form or email notification. Electronic proxy appointments must be received by Computershare Investor Services PLC no later than 2.00 p.m. on 11 March 2024.

Alternatively, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Company's Registrar, the Company's Registrar, Computershare Investor Services PLC (CREST Participant ID 3RA50), no later than 2.00 p.m. on 11 March 2024.

The appointment of a proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

If you hold your shares through a nominee service, please contact the nominee service provider regarding the process for appointing a proxy.

Any changes to the arrangements for the General Meeting will be communicated to Shareholders before the General Meeting, including through the Company's website at <https://www.heiq.com/investor-relations/> and by announcement via a RIS.

All resolutions for consideration at the General Meeting will be voted on by way of a poll, rather than a show of hands. This means that Shareholders will have one vote for each Ordinary Share held. The Company believes that this will result in a more accurate reflection of the views of Shareholders by ensuring that every vote is recognised, including the votes of any Shareholders who are unable to attend the General Meeting but who have appointed the Chairwoman as their proxy for the General Meeting.

### **Recommendation**

**The Directors consider the Capital Reorganisation and Fundraise to be in the best interests of the Company and its Shareholders as a whole.**

In the event that the Resolutions are not passed, the Company will be unable to complete the Fundraise, or raise any further equity capital unless the relevant issue price is at or above the current nominal value of the Ordinary Shares, being 30 pence.

**Accordingly, the Directors unanimously recommend that all Shareholders vote in favour of the Resolutions as they intend to do, or procure to be done, in respect of their own beneficial shareholdings, being, in aggregate, 16,846,381 Ordinary Shares, representing approximately 12% of the Ordinary Shares.**

Yours faithfully

**Esther Dale-Kolb**

*Chairwoman*

**HeiQ plc**

*Registered in England and Wales No 09040064*

## PART II: NOTICE OF GENERAL MEETING



### HEIQ PLC

*(Incorporated in England and Wales under the Companies Act 2006 with registered number 09040064)*

Notice is hereby given that a general meeting (the **Meeting**) of HeiQ PLC (the **Company**) will be held at 2.00 p.m. on 13 March 2024 at the offices of Cavendish Financial plc, One Bartholomew Close, London EC1A 7BL to consider and, if thought fit, to pass resolutions 1 and 3 as ordinary resolutions and resolutions 2 and 4 as special resolutions:

Except where otherwise defined herein, the definitions set out in the circular to which this notice of meeting is attached shall apply to this notice.

#### ORDINARY RESOLUTION

- 1 **THAT** every Ordinary Share of 30 pence in the capital of the Company in issue at 6.00 p.m. on 14 March 2024 (**Existing Ordinary Shares**) be sub-divided into one ordinary share of 5 pence in the capital of the Company (**New Ordinary Share**) and one deferred share of 25 pence in the capital of the Company (**Deferred Share**) and that the New Ordinary Shares shall have the same rights and be subject to the same restrictions as the Ordinary Shares that are currently in issue and as set out in the Articles and that the Deferred Shares shall have the rights and be subject to the restrictions set out in the Articles, as amended by resolution 2 below.

#### SPECIAL RESOLUTION

- 2 **THAT** the Articles be amended as follows:
  - 2.1 The existing definition of Ordinary Shares be replaced with the following definition:  
"The ordinary shares of 5 pence in the capital of the Company";
  - 2.2 A definition of Deferred Shares be added as follows:  
"Deferred Shares" means deferred shares of 25 pence in the capital of the Company
  - 2.3 Article 7.1 be amended to include the words "and Deferred Shares" such that it reads  
"The Company's share capital consists of the Ordinary Shares and the Deferred Shares"
  - 2.4 A new Article 7.2 be added as follows:  
"The Deferred Shares shall have attached to them the following rights and restrictions:  
  
**7.2 A. 1 as regards income**  
The Deferred Shares shall not entitle the holders thereof to receive any dividend or other distribution.  
  
**7.2 A. 2 as regards voting**  
The Deferred Shares shall not entitle the holders thereof to receive notice of or to attend or vote at any General Meeting of the Company

### **7.2 A. 3 as regards capital**

On return of capital on a winding up the holders of the Deferred Shares shall only be entitled to receive the amount paid up on such shares after the holders of the Ordinary Shares have received (a) the sum of 5 pence for each Ordinary Share held by them and (b) £1 million of return of capital per Ordinary Share, and shall have no other right to participate in the assets of the Company.

### **7.2 A. 4 as regards transfer**

The Company is authorised at any time to appoint a person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof and persons so entitled, to such persons as the Company may determine as holder thereof beneficially entitled thereto.

### **7.2 A. 5 as regards share certificates**

No share certificates shall be issued to holders of Deferred Shares, either on issue or on transfer.

### **7.2 A. 6 as regards variation of rights**

Neither the passing by the Company of any resolution for a:

7.2A.6.1 reduction of capital involving the cancellation of the Deferred Shares without any repayment of capital in respect thereof, or a reduction of share premium account, or the obtaining by the Company or the making by the court of an order confirming any such reduction of capital or share premium account of the making effective of such order, nor

7.2A.6.2 the purchase by the Company in accordance with the provisions of the Acts of any of its own shares or other securities or the passing of a resolution to permit any such purchase,

shall constitute a modification, variation or abrogation of the rights attaching to the Deferred Shares and accordingly the Deferred Shares may at any time be cancelled for no consideration by means of a reduction in capital or purchased by the Company, at its option at any time, in accordance with the provisions of the Acts, without making any payment to the holder thereof and without recourse to the holder, and to cancel the same without making any payment to or obtaining the sanction of the holder or holders thereof. The Company may, at its option at any time, purchase all or any of the Deferred Shares then in issue, at a price not exceeding £1.00 in aggregate.

### **7.2A. 7 as regards further issues**

The rights conferred by the Deferred Shares shall not be varied or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the Deferred Shares."

## **ORDINARY RESOLUTION**

- 3 **THAT** the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the **Act**), in addition to all existing authorities, to exercise all the powers of the Company to allot ordinary shares of £0.05 (being the nominal value following the passing of Resolution 1) each in the Company (**Ordinary Shares**) or grant rights to subscribe for, or convert any security into Ordinary Shares up to an aggregate nominal value of £1,400,000 pursuant to the Fundraise provided that the authorities in this Resolution 3 shall expire on 30 April 2024, or if earlier, at the conclusion of the next annual general meeting of the Company after the passing of this resolution, except that the Company may before such expiry make an agreement which would or might require equity securities to be allotted after such expiry (or any revocation or replacement of such authority) and the Directors may allot equity securities pursuant to such agreement as if the authority in question had not expired (or been replaced or revoked).

## **SPECIAL RESOLUTION**

- 4 **THAT**, conditional on the passing of Resolution 3, the Directors be and are hereby generally and unconditionally authorised pursuant to Sections 570 and 573 of the Act, in addition to all existing authorities, to make allotments of equity securities (within the meaning of Section 560(1) of the Act) for cash pursuant to the authority conferred by Resolution 3 as if Section 561(1) of the Act did not apply to any such allotment provided that this power is limited to the allotment of equity securities up to an aggregate nominal value of £1,400,000 pursuant to the Fundraise, with such authority to expire on 30 April 2024, or if earlier at the conclusion of the Company's next annual general meeting, 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 date and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the power conferred by this resolution had expired.

## **BY ORDER OF THE BOARD**

**Ross Ainger**

*Secretary*

21 February 2024

5th Floor  
15 Whitehall  
London  
SW1A 2DD

## APPENDIX 1

### 1 GENERAL MEETING

Only shareholders, their attorneys, proxies and authorised representatives of corporations which are shareholders are entitled to attend, speak and vote at the Meeting.

### 2 VOTING BY CORPORATE REPRESENTATIVES

A corporate shareholder may authorise a person or persons to act as its representative(s) at the Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder in the Company, provided that they do not do so in relation to the same shares.

### 3 VOTING VIA PROXY FORM

- 3.1 A shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If multiple proxies are to be appointed, then a separate Proxy Form must be completed for each proxy appointment. If you intend appointing additional proxies, please contact Computershare Investor Services PLC (on 0370 707 1067) to obtain (an) additional form(s). Alternatively, you may photocopy the enclosed Proxy Form.
- 3.2 The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, then the proxy is deemed to be authorised for the whole of the shareholder's holding (or in the case of a shareholder with designated accounts, the whole of the holding in the designated account).
- 3.3 A proxy need not be a shareholder of the Company but must attend the Meeting to represent you. Your proxy must vote as you instruct and must attend the Meeting for your vote to be counted.
- 3.4 If a proxy is not directed how to vote on an item of business the proxy may vote, or abstain from voting, as they think fit. A proxy shall have authority to demand, or join in demanding, a poll at the Meeting. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution.
- 3.5 Should any resolution, other than those specified in this Notice of Meeting, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- 3.6 If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- 3.7 Shareholders who return their Proxy Forms with a direction on how to vote, but do not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. Proxy appointments in favour of the Chair of the Meeting, the Secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the Resolutions proposed in this Notice of Meeting.
- 3.8 Completed Proxy Forms should be sent to the Company's Registrars using the pre-addressed envelope provided with this Notice of General Meeting.
- 3.9 To be effective, Proxy Forms must be lodged by 2.00 p.m. on 11 March 2024. Proxy forms lodged after this time will be invalid.
- 3.10 Proxy Forms may be lodged using one of the following methods:
  - 3.10.1 by returning a completed Proxy Form by post to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY United Kingdom; or

- 3.10.2 by recording the proxy appointment electronically via the internet at [www.eproxyappointment.com](http://www.eproxyappointment.com). Full details of the procedure are given on that website and your Control Number, Shareholder Reference Number (SRN) and PIN can be found on your Proxy Form or email notification. Electronic proxy appointments must be received by Computershare Investor Services PLC no later than 2.00 p.m. on 11 March 2024.
- 3.11 The Proxy Form must be signed by the shareholder or the shareholder's attorney. A Proxy Form must be completed by, or on behalf of, the shareholder making the appointment. A corporation may execute a Proxy Form either under its common seal or under the hand of (a) duly authorised officer(s). Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by Computershare Investor Services PLC by the deadline stated in paragraph 3.10.
- 3.12 In the case of joint holders, any one holder may sign the Proxy Form. The vote of the senior holder who tenders a vote will be counted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names appear on the register of shareholders.
- 3.13 Shareholders may change proxy instructions by submitting a new Proxy Form. Note that the cut-off time for receipt of Proxy Form also applies in relation to amended instructions; any Proxy Form received after the relevant cut-off time will be disregarded.
- 3.14 Where you have appointed a proxy using the Proxy Form and would like to change the instructions using another hard-copy proxy form, please contact Computershare Investor Services PLC (on 0370 707 1067) to obtain a new Proxy Form.
- 3.15 If you submit more than one valid Proxy Form, the Proxy Form received last before the latest time for the receipt of proxies will take precedence.
- 3.16 Shareholders who return a Proxy Form or register the appointment of a proxy electronically will still be able to attend the Meeting and vote in person if they so wish. If you attend the Meeting in person and vote, then your proxy appointment will automatically be terminated.
- 3.17 A copy of this Notice of General Meeting has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (**nominated persons**). The right to appoint a proxy does not apply to nominated persons. However, nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy.

#### **4 VOTING VIA CREST**

- 4.1 Shareholders who are CREST members with shares held in uncertificated form who wish to appoint a proxy or proxies are encouraged to use the CREST electronic proxy appointment service by using the procedures described in the CREST Manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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.
- 4.2 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time for receipt of proxy appointments specified in paragraph 3.9 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

- 4.3 CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In connection with this, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 4.4 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.

## **5 SHAREHOLDERS WHO ARE ENTITLED TO VOTE**

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 the Company gives notice that the time by which a person must be entered on the register of members in order to attend or vote at the Meeting or adjourned Meeting (and for calculating the number of votes such a person may cast) is 6.00 p.m., on the date which is two days (excluding any part of a day which is not a working day) prior to the Meeting or any adjourned Meeting. Changes to entries on the register of securities after the relevant time will be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the Meeting or adjourned Meeting.

## **6 CONDUCT OF THE MEETING**

- 6.1 The quorum for the Meeting will be two persons entitled to vote upon the business to be transacted, each being a shareholder, or a proxy for a shareholder, or a duly authorised representative of a corporation, which is a shareholder.
- 6.2 The Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a member attending the Meeting, except (i) if to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (ii) if the answer has already been given on a website in the form of an answer to a question, or (iii) if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered. The Company will not answer questions submitted by shareholders ahead of the Meeting in the circumstances outlined in (i) to (iii) above.
- 6.3 Voting on at this Meeting will be conducted on a poll rather than a show of hands.

## **7 ADDITIONAL MATTERS**

- 7.1 If you have sold or transferred all of your shares, this Notice of General Meeting should be passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.
- 7.2 A copy of this Notice of General Meeting and the other information required by section 311A of the Companies Act 2006 can be found on the Company's website ([www.heiq.com](http://www.heiq.com)).
- 7.3 You may not use any electronic address provided in this Notice of General Meeting to communicate with the Company for any purposes other than those expressly stated.
- 7.4 Copies of the contracts of service between each Executive Director and the Company and the letters of appointment of the Non-Executive Directors are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company up to the time of the Meeting.
- 7.5 As at 20 February 2024 (being the latest practicable date prior to publication of this document), the Company's issued share capital consisted of 140,537,907 ordinary shares of 30p each carrying one vote each. As at 20 February 2024 the Company held no ordinary shares in treasury and therefore the total voting rights in the Company are 140,537,907.

- 7.6 Shareholders satisfying the threshold requirements set out in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to:
  - 7.6.1 the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the Meeting; or
  - 7.6.2 any circumstances connected with an auditor of the Company ceasing to hold office since the last annual general meeting, that the shareholders propose to raise at the Meeting.
- 7.7 Where the Company is required to publish a statement on its website, it must:
  - 7.7.1 send a copy of the statement to the Company's auditors no later than the time it makes that statement available on the website; and
  - 7.7.2 include the matters set out in the statement in the business of the Meeting.

