THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA").

This Document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Regulation Rules made under section 73A of FSMA and approved by the Financial Conduct Authority ("**FCA**") under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with the Prospectus Regulation Rules.

The Acquisition (as defined herein) is classified as a reverse takeover under the Listing Rules and, in accordance with the Listing Rules, the FCA is expected to cancel the listing of the Existing Ordinary Shares at 8:00 a.m. on 7 December 2020. Applications will be made to the FCA for the Existing Ordinary Shares (following Consolidation) to be readmitted, and for the New Ordinary Shares to be admitted, to the Official List (by way of a Standard Listing) and to the London Stock Exchange, for such Existing Ordinary Shares (following Consolidation) to be readmitted and New Ordinary Shares to be admitted to trading, and for dealings to commence, on the London Stock Exchange's Main Market for listed securities. It is expected that Readmission will become effective at 8:00 a.m. on 7 December 2020. When admitted to trading, the Existing Ordinary Shares (following Consolidation) and the New Ordinary Shares will have an ISIN of GB00BN2CJ299.

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE ORDINARY SHARES AS SET OUT IN THE SECTION ENTITLED 'RISK FACTORS' BEGINNING ON PAGE 13 OF THIS DOCUMENT.

The Directors and the Proposed Directors, whose names appear on page 29, and the Company accept responsibility for the information contained in this Document. As at the date of this Document, to the best of the knowledge of the Directors, the Proposed Directors and the Company the information contained in this Document is in accordance with the facts and the Document makes no omission likely to affect its import.

Certain information in relation to the Company has been incorporated by reference into this Document. You should refer to the part of this Document headed 'Relevant Documentation and Incorporation by Reference' which can be found on page 26 of this Document.

Auctus Growth plc

(Incorporated in England and Wales with Registered No. 09040064)

Issue of 106,759,900 Consideration Shares at a price of £1.12 per Consideration Share

Placing of 11,789,142 Placing Shares at a placing price of £1.12 per Placing Share

Placing of 35,714,287 Consideration Shares at a placing price of £1.12 per Placing Share

Issue of 385,209 Adviser Shares at a price of £1.12 per Adviser Share

Subscription for 6,068,000 Subscription Shares at a price of £1.12 per Subscription Share

Consolidation of 3 Existing Ordinary Shares into 1 Ordinary Share

**Readmission of the Enlarged Share Capital to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules)
and to trading on the London Stock Exchange's Main Market for listed securities**

Change of name to HeiQ plc

and

Notice of General Meeting

**Financial Adviser & Joint Broker
Arlington Group Asset Management Limited**

**Placing Agent & Joint Broker
Cenkos Securities plc**

Arlington Group Asset Management Limited ("**AGAM**") and Cenkos Securities plc ("**Cenkos**"), which are both authorised and regulated by the FCA in the United Kingdom in the conduct of investment business, are acting exclusively for the Company and for no-one else in connection with the Placing and Readmission and will not be responsible to anyone other than the Company for providing the protections afforded to customers of AGAM or Cenkos or for providing advice in relation to the contents of this Document or any matter referred to in it.

AGAM and Cenkos are not making any representation, express or implied, as to the contents of this Document, for which the Company, the Directors and the Proposed Directors are solely responsible. Apart from the responsibilities and liabilities, if any, which may be imposed on AGAM or Cenkos in their respective capacities as financial adviser and joint broker and placing agent and joint broker to the Company by FMSA or the regulatory regime established thereunder and without limiting the statutory rights of any person to whom this Document is issued, no liability whatsoever is accepted by AGAM or Cenkos for the accuracy of any information or opinions contained in this Document or for any omission of information, for which the Company, the Directors and the Proposed Directors are solely responsible. The information contained in this Document has been prepared solely for the purpose of the Placing and Readmission and is not intended to 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.

The New Ordinary Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with all Existing Ordinary Shares in issue on Readmission.

This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer or invitation to buy or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

The Ordinary Shares have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada, Japan or the Republic of South Africa (or their respective territories). Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, transferred or distributed directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States, Australia, Canada, Japan or the Republic of South Africa (or their respective territories) or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction. This Document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act. There will be no public offer in the United States. The Company has not been and will not be registered under the United States Investment Company Act pursuant to the exemption provided by Section 3(c)(7) thereof, and investors will not be entitled to the benefits of that Act.

The distribution of this Document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possessions this Document comes 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.

None of the Ordinary Shares have been approved or disapproved by the SEC, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed comment upon or endorsed the merit of the offer of the Ordinary Shares or the accuracy or the adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

Application will be made for the Enlarged Share Capital to be admitted to a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules.

It should be noted that the FCA will not have authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

This Document is dated 12 November 2020.

NOTICE TO INVESTORS

The distribution of this Document may be restricted by law in certain jurisdictions and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This Document has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), as a prospectus which may be used to offer securities to the public for the purposes of section 85 of FSMA and of the Prospectus Regulation. The FCA only approves this Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Document. Investors should make their own assessment as to the suitability of investing in the securities. No arrangement has been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this Document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in any jurisdiction. Issue or circulation of this Document may be prohibited in countries other than those in relation to which notices are given below. This Document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares in any jurisdiction in which such offer or solicitation is unlawful.

For the attention of European Economic Area investors

In relation to each member state of the European Economic Area (each, a "**Relevant Member State**"), an offer to the public of the Ordinary Shares may only be made once the Prospectus has been passported in such Relevant Member State in accordance with the Prospectus Regulation. For any other Relevant Member State, an offer to the public in that Relevant Member State of any Ordinary Shares may only be made at any time under the following exemptions under the Prospectus Regulation and, subject to Article 3 of the Prospectus Regulation:

- to any legal person or entity which is a qualified investor, within the meaning of article 2(e) of the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors within the meaning of article 2(e) of the Prospectus Regulation) in such Relevant Member State subject to obtaining prior consent of the Company for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

For the purposes of this provision, the expression an 'offer to the public' in relation to any offer of Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares.

For the attention of UK investors

This Document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Regulation Rules and approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

For the attention of any US investors

The Ordinary Shares have not been and will not be registered under the Securities Act, as amended, or the securities laws of any state or jurisdiction of the United States, and may not be offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States, except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or jurisdiction of the United States.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares which are the subject of the Placing are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

CONTENTS

SUMMARY

This summary is made up of four sections, and contains all the sections required to be included in a summary for this type of securities and issuer. Even though a sub-section may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the sub-section. In this case, a short description of the sub-section is included in the summary with the mention of "not applicable".

INTRODUCTION AND WARNINGS	
Name and ISIN of the securities	The securities subject to Readmission are Ordinary Shares of £0.30 each (following the proposed consolidation of every three Existing Ordinary Shares into one Ordinary Share ("**Consolidation**")) which will be registered with ISIN number GB00BN2CJ299 and SEDOL number BN2CJ29.
Identity and contact details of the issuer	The issuer is Auctus Growth plc, its registered address is at 5th Floor 15 Whitehall, London, England, SW1A 2DD and its telephone number is (+44) (0) 20 7389 5010. Its principal place of business is 47/48 Piccadilly, London W1J 0DT. The Company's legal entity identifier is: 213800IGT65IMJDO4S03 The Company's website is: www.auctusgrowthplc.co.uk Website following Readmission: www.heiq.com
Identity and contact details of the issuer or of the person asking for admission to trading on a regulated market	The Company is the offeror and the person asking for admission to trading of the Enlarged Share Capital on the Main Market, which is a regulated market.
Identity and contact details of the competent authority approving the prospectus	The competent authority approving the Prospectus is the FCA. The FCA's registered address is at 12 Endeavour Square, London E20 1JN, United Kingdom and telephone number is +44 (0)20 7066 1000.
Date of approval of the prospectus	The Prospectus was approved on 12 November 2020.
Warnings	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Ordinary Shares should be based on a consideration of the Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
KEY INFORMATION ON THE ISSUER	
Who is the issuer of the securities?	
Domicile and legal form	The Company was incorporated in England and Wales on 14 May 2014 as a private company with limited liability under the Companies Act 2006 (the "**Act**") and re-registered on 24 July 2014 as a public limited company under the Act. The Company's legal entity identifier is: 213800IGT65IMJDO4S03
Principal activities	The Company was established to undertake an acquisition of a target company or business drawing on the extensive experience of the Company's Founders and its Board, having collectively sourced, initiated, managed and floated a number of companies over a long period in the corporate and financial sector. The principal activity of the Company is to invest in strategic and/or special situations of unquoted companies or businesses that are seeking a public quotation. The Company was admitted to listing on the Official List by way of a Standard Listing and to trading on the London Stock Exchange plc's Main Market on 22 August 2014 ("**Initial IPO**"). The Company raised gross proceeds of £1,220,000 in conjunction with the Initial IPO and the formation of the Company and a further £114,500 in August 2015 from the issue of shares by private placement. The Board has identified and reviewed circa 30 potential transactions since the Initial IPO.

On 5 June 2020, the Company signed an exclusivity agreement with HeiQ Materials AG ("**HeiQ**") with regards to the potential acquisition by the Company of the entire issued share capital of HeiQ (the "**Acquisition**"). A conditional Acquisition Agreement was signed by the Company and the HeiQ Shareholders on 12 November 2020.

Following completion of the Acquisition, the Placing, the Subscription and Readmission ("**Completion**"), the objective of the Company will be to operate the Enlarged Group and implement the operating strategy of HeiQ for development and growth with a view to generating value for Shareholders.

Major shareholders

So far as the Company is aware, as at the LPD, the following persons, directly or indirectly, have a direct interest in the Company's capital and Voting Rights which is notifiable under the Disclosure Guidance and Transparency Rules:

Shareholder	Number of Existing Ordinary Shares	Percentage of issued share capital
Malcolm Burne	283,333	10.62
Richard Lockwood	273,333	10.24
AGAM	227,333	8.41
Michinoko Limited	200,000	7.49
Premier Miton Group plc	180,000	6.74

So far as the Company is aware, immediately on Readmission, the following persons, directly or indirectly, will have a direct interest in the Company's capital and Voting Rights which is notifiable under the Disclosure Guidance and Transparency Rules:

Shareholder	Number of Ordinary Shares	Percentage of issued share capital on Readmission
Amati Global Investors Limited	11,607,000	9.22
Carlo Centonze	8,667,909	6.89
Dr Murray Height	8,018,063	6.37
Premier Miton Group plc	6,827,500	5.42
Bombyx Growth Fund SCSp	6,407,120	5.09
FIL Limited	5,357,000	4.26
Cortegrande AG*	5,186,237	4.12
Darren Morcombe	5,019,486	3.99
Mike Smith	4,268,628	3.39

* A company wholly owned by Carlo Centonze and of which he is the sole director.

All of the Ordinary Shares shall rank *pari passu* in all respects.

Directors

Malcolm Alec Burne (to resign upon Readmission), Ross George James Ainger (to resign upon Readmission) and Nathan Anthony Steinberg (to resign upon Readmission).

Proposed Directors: Carlo Riccardo Centonze, Xaver Hangartner, Esther Dale-Kolb, Benjamin Bergo and Karen Brade.

Statutory auditors

Current auditors: F.W. Smith, Riches & Co.

The Company intends to appoint new auditors following Readmission.

What is the key financial information regarding the issuer?	
Selection of historical key financial information	*Company*

The tables below set out a summary of the key financial information of the Company for the years ended 31 December 2017, 31 December 2018 and 31 December 2019, as extracted from the Company's audited financial information, and the key financial information of the Company for the six months ended 30 June 2020, as extracted from the Company's unaudited interim financial information, available from the Company's website at www.auctusgrowthplc.co.uk.

During the aggregate 42-month period ended 30 June 2020, no equity or additional sources of financing were issued or received by the Company. As such, the only cash flows during the period related to expenditure on administrative expenses. During the period, aggregate cash outflows were £226,433, resulting in a cash balance of £779,909 as at 30 June 2020. During the 42-month period ended 30 June 2020, the Company reported an aggregate loss of £205,372, comprising £70,708 of professional fees, £35,030 of audit fees, £29,830 of listing fees, £24,233 of company secretarial and registrar fees, £19,850 of accountancy fees, £14,280 of insurance costs, £10,000 of Directors' fees, £1,039 of non-audit fees and £402 of bank charges. Retained losses carried forward as at 30 June 2020 were £470,024. Since 30 June 2020, the Company has paid a further £31,374 of administrative expenses in cash, offset by a VAT refund of £8,967, giving rise to a net cash outflow of £22,407 in the period to the date of this Document. Other than set out above, there have been no other significant changes in the financial condition or operating results of the Company in each of the years ended 31 December 2017, 31 December 2018 or 31 December 2019 and the six-month period ended 30 June 2020, or subsequent thereto.

Summary statements of financial position

	Audited **As at 31 December 2017 £**	*Audited* **As at 31 December 2018 £**	*Audited* **As at 31 December 2019 £**	*Unaudited As at 30 June 2020 £*
Total assets	978,485	930,450	873,932	*804,664*
Total equity	960,658	912,950	856,432	*791,147*

Summary income statements

	Audited **Year ended 31 December 2017 £**	*Audited* **Year ended 31 December 2018 £**	*Audited* **Year ended 31 December 2019 £**	*Unaudited 6 months ended 30 June 2019 £*	*Unaudited 6 months ended 30 June 2020 £*
Total revenue	—	—	—	—	—
Operating loss	(35,861)	(47,708)	(56,518)	*(19,388)*	*(65,285)*
Loss for the year and total comprehensive loss for the year/period	(35,861)	(47,708)	(56,518)	*(19,388)*	*(65,285)*

Summary cash flows

	Audited **Year ended 31 December 2017 £**	*Audited* **Year ended 31 December 2018 £**	*Audited* **Year ended 31 December 2019 £**	*Unaudited 6 months ended 30 June 2019 £*	*Unaudited 6 months ended 30 June 2020 £*
Cash used in operating activities	(34,761)	(51,319)	(60,966)	*(8,550)*	*(79,387)*
Cash outflow for the year/period	(34,761)	(51,319)	(60,966)	*(8,550)*	*(79,387)*

HeiQ Group

The tables below set out selected key financial information of HeiQ Group for each of the years ended 31 December 2017, 31 December 2018 and 31 December 2019, as extracted from the audited, consolidated financial information of HeiQ Group, and for the six-month period ended 30 June 2020, as extracted from the unaudited, consolidated interim financial information of HeiQ Group.

During the three-years ended 31 December 2019 and the six-month period ended 30 June 2020, HeiQ Group reported aggregate revenue of $105,408,000, a gross profit of $51,302,000 and a profit after tax of $10,063,000. These operating activities generated an aggregate cash inflow of $5,726,000 which, together with an aggregate cash inflow of $4,736,000 from financing activities and an aggregate cash outflow of $9,369,000 from investing activities, resulted in a net cash inflow during the period of $1,082,000. As at 30 June 2020, HeiQ Group had cash reserves of $3,643,000.

Other than set out above, there have been no other significant changes in the financial condition or operating results of HeiQ Group in each of the years ended 31 December 2017, 31 December 2018 or 31 December 2019 and the six-month period ended 30 June 2020, or subsequent thereto, save for that on 10 September 2020, HeiQ Iberia Unipessoal Lda, a wholly owned subsidiary of HeiQ, was incorporated in Portugal; on 25 September 2020, HeiQ issued 9,000 HeiQ Shares to employees in respect of contractual obligations for a total consideration of approximately $630,000 and on 23 October 2020, HeiQ disposed of its 49% shareholding in Microbe Investigations AG.

Summary statements of financial position

	Audited **As at 31 December 2017 $'000**	***Audited*** **As at 31 December 2018 $'000**	***Audited*** **As at 31 December 2019 $'000**	***Unaudited As at 30 June 2020 $'000***
Total assets	27,151	25,911	27,939	*41,322*
Total equity	12,403	12,464	13,340	*23,155*

Summary income statements

	Audited **Year ended 31 December 2017 $'000**	***Audited*** **Year ended 31 December 2018 $'000**	***Audited*** **Year ended 31 December 2019 $'000**	***Unaudited 6 months ended 30 June 2019 $'000***	***Unaudited 6 months ended 30 June 2020 $'000***
Total revenue	21,116	26,209	27,954	*13,444*	*30,129*
Operating profit	1,074	1,037	1,422	*18*	*10,852*
Profit/(loss) for the period	732	26	715	*(639)*	*8,590*
Total comprehensive profit/ (loss) for the period	1,189	(50)	563	*(628)*	*9,212*

Summary cash flows

	Audited **Year ended 31 December 2017 $'000**	***Audited*** **Year ended 31 December 2018 $'000**	***Audited*** **Year ended 31 December 2019 $'000**	***Unaudited 6 months ended 30 June 2019 $'000***	***Unaudited 6 months ended 30 June 2020 $'000***
Cash from/(used in) operating activities	2,216	377	2,989	*(177)*	*118*
Cash used in investing activities	(4,040)	(2,906)	(1,781)	*(1,446)*	*(619)*
Cash from financing activities	1,001	3,033	212	*476*	*491*
Net cash (outflow)/inflow for the year/period	(823)	504	1,420	*(1,147)*	*(10)*

Pro forma financial information

The unaudited Pro Forma Financial Information for the Enlarged Group has been prepared to illustrate the effects of: (i) the Acquisition, (ii) the issue of the Consideration Shares, (iii) the issue of the Placing Shares, (iv) the issue of the Subscription Shares, (v) the issue of the Adviser Shares and (vi) the settlement of the Transaction Costs, on the assets, liabilities and equity of the Company had the Acquisition, Placing, Subscription and Readmission occurred on 30 June 2020 and on the earnings of the Company for the six-month period then ended had the Acquisition, Placing, Subscription and Readmission occurred on 1 January 2020.

Unaudited pro forma statement of financial position

	Company as at 30 June 2020 £'000	***Adjustment*** **HeiQ Group adjustment £'000**	***Adjustment*** **Acquisition and consolidation adjustments £'000**	***Adjustment*** **Placing, Subscription and Transaction Costs £'000**	**Unaudited pro forma balances as at** 30 June 2020 £'000
Total assets	805	33,594	—	18,316	52,715
Total equity	791	18,824	—	18,316	37,931

Unaudited pro forma statement of comprehensive income

	Company Six months ended 30 June 2020 £'000	*Adjustment* HeiQ Group adjustment £'000	*Adjustment* Acquisition and consolidation adjustments £'000	*Adjustment* Placing, Subscription and Transaction Costs £'000	Unaudited pro forma results for the six months ended 30 June 2020 £'000
Revenue	—	24,495	—	—	24,495
Operating (loss)/profit	(65)	8,822	—	(197)	8,560
(Loss)/income for the period	(65)	6,983	—	(197)	6,721
Total comprehensive (loss)/ income for the period	(65)	7,489	—	(197)	7,227

Brief description of any qualifications in the audit report	There are no qualifications in the audit reports relating to the historical financial information of the Company for the three years ended 31 December 2019. There are no qualifications in the accountant's report relating to the historical financial information of HeiQ Group for the three years ended 31 December 2019.
What are the key risks that are specific to the issuer?	
Brief description of the most material risk factors specific to the issuer contained in the prospectus	Key risks that are specific to the Enlarged Group and industry in which it operates are as follows: ● The Enlarged Group faces the risk of the current growth rate not being sustainable or indicative of future growth. ● The Enlarged Group may be unable to secure and protect claims to intellectual property rights, which may impact first mover advantage. ● The Enlarged Group faces competition, which may intensify. ● The Enlarged Group faces risks frequently encountered by international companies reliant upon supply chains, including the ability to meet demand, risk of interruption and disruption, and dependency upon specialist suppliers. ● The Enlarged Group faces risks to reputation and brand strength in the event of quality related issues or negative publicity. ● The Enlarged Group is exposed to product liability risks as a product manufacturer. ● The Enlarged Group is subject to significant and evolving regulation in the manufacturing and placing on the market of biocides and chemicals and is exposed to environmental risks as an operator in the chemical sphere.
KEY INFORMATION ON THE SECURITIES	
What are the main features of the securities?	
Type, class and ISIN	The securities subject to Readmission are Ordinary Shares of £0.30 each (following Consolidation) which will be registered with ISIN number GB00BN2CJ299 and SEDOL number BN2CJ29.
Currency, denomination, par value, number of securities issued and the term of the securities	The Ordinary Shares are denominated in UK Sterling and the subscription and placing price paid in UK Sterling. The issued share capital of the Company on Readmission will consist of 125,891,904 Ordinary Shares (comprising the Existing Ordinary Shares (following Consolidation) and the New Ordinary Shares).
Rights attached to the securities	Each Ordinary Share ranks *pari passu* for voting rights, dividends and return of capital on winding up. Each Ordinary Share confers the right to receive notice of and attend all meetings of Shareholders. Subject to the Act and articles of association of the Company ("**Articles**"), each holder of Ordinary Shares present at a general meeting in person, by proxy or by its authorised corporate representative has one vote, and, on a poll, one vote for every Ordinary Share of which he is a holder. All members who are entitled to receive notice under the Articles must be given notice of each general meeting. The Ordinary Shares are eligible for dividends, if recommended by the Board.
Relative seniority of the securities in the issuer's capital structure in the event of insolvency	The Ordinary Shares rank *pari passu* with each other. On a winding-up of the Company, the balance of the assets available for distribution will, subject to any sanction required by the Act, be divided amongst the members.
Restrictions on the free transferability of the securities	The Articles contain no restrictions on the free transferability of fully paid Ordinary Shares, provided that, for shares in certificated form, the transfer is in favour of not more than four transferees, the Company has no lien over the shares in question, the transfer is in respect of only one class of share, it is duly stamped or shown to the Board to be exempt from stamp duty and the provisions in the Articles relating to registration of transfers have been complied with. For shares in uncertificated form, the transfer must be permitted by the uncertificated securities rules.

Dividend or pay-out policy	Dividends will be paid at such times (if any) and in such amounts (if any) as the Board may determine. The Company will consider future payments of dividends, subject to sufficient distributable profits being available.
Where will the securities be traded?	
Application for admission to trading	As the Acquisition constitutes a Reverse Takeover under the Listing Rules, the London Stock Exchange will cancel trading in the Existing Ordinary Shares on the Main Market for listed securities, and the FCA will cancel the listing of the Existing Ordinary Shares on the Standard Listing segment of the Official List by 8:00 am on 7 December 2020. An application will be made for the Existing Ordinary Shares (following Consolidation) to be readmitted and the New Ordinary Shares to be admitted to a Standard Listing on the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Readmission will become effective and that unconditional dealings will commence on the London Stock Exchange at 8:00 am on 7 December 2020.
Identity of other markets where the securities are or are to be traded	The Ordinary Shares will not be listed on any other stock exchange.
What are the key risks specific to the securities?	
Brief description of the most material risk factors specific to the securities contained in the prospectus	• A Standard Listing affords Shareholders less regulatory protection than a Premium Listing, which may have an adverse effect on the liquidity of the Ordinary Shares. • The Company's share price will fluctuate and may decline as a result of a number of factors, some of which are outside of the Company's control. • The ability of the Company to pay dividends is a function of its profitability and the extent to which, as a matter of law, it will have available to it sufficient distributable reserves out of which any proposed dividend may be paid.
KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON THE LONDON STOCK EXCHANGE	
Under which conditions and timetable can I invest in this security?	
General terms and conditions	The Placing and Subscription is conditional on Readmission occurring and becoming effective by 8:00 a.m. London time on, or prior to, 7 December 2020 (or such later date as may be agreed by the Company, AGAM and Cenkos being no later than 31 December 2020). The rights attaching to the Ordinary Shares will be uniform in all respects and all of the Ordinary Shares will form a single class for all purposes. The Placing and Readmission are inter-conditional. The Placing is not conditional on the Subscription.
Expected timetable of the offer	Publication of this Document — 12 November 2020 General Meeting of the Company — 10:00 a.m. on 4 December 2020 Readmission and commencement of dealings in Ordinary Shares — 8:00 a.m. on 7 December 2020 CREST members' accounts credited in respect of New Ordinary Shares — 7 December 2020 Share certificates dispatched in respect of New Ordinary Shares where applicable — by 21 December 2020
Details of admission to trading on a regulated market	Application will be made for the Ordinary Shares to be admitted to a Standard Listing on the Official List and to trading on the Main Market of the London Stock Exchange. It is expected that Readmission will become effective and that dealings in the Enlarged Share Capital will commence at 8:00 a.m. on 7 December 2020.
Plan for distribution	The Placing Shares and the Consideration Shares to be sold by the Selling Shareholders will be offered by AGAM and Cenkos. The Subscription Shares will be offered by the Company.
Amount and percentage of immediate dilution resulting from the offer	The issue of the New Ordinary Shares will result in the Existing Shareholders' shareholding of 889,653 Existing Ordinary Shares following Consolidation being diluted so as to constitute 0.71 per cent. of the Enlarged Share Capital (comprising the Existing Ordinary Shares (following Consolidation), Consideration Shares, Placing Shares, Subscription Shares and Adviser Shares). Upon Readmission, the Enlarged Share Capital is expected to be 125,891,904 Ordinary Shares. On this basis, the 125,002,251 New Ordinary Shares will represent approximately 99.29 per cent. of the Company's Enlarged Share Capital.
Estimate of total expenses of the issue and/or offer	The Transaction Costs will be borne by the Company and HeiQ and no expenses will be charged to the investors. The total expenses of the Placing, Subscription, Acquisition and Readmission are £2,115,000, comprising £1,331,000 of variable Transaction Costs and £784,000 of fixed Transaction Costs. The variable Transaction Costs comprise brokers' commissions on the Gross Placing and Subscription Proceeds and other advisers' success fees. Of the £1,331,000 variable Transaction Costs, £900,000 will be paid in cash from the Gross Placing and Subscription Proceeds and £431,000 via the issue of the Adviser Shares. The fixed Transaction Costs comprise legal and financial due diligence costs and general transaction advice. Of the £784,000 fixed Transaction Costs, £591,000 will be borne by the Company from its existing cash reserves and the balance of £193,000 by HeiQ from its existing cash reserves. As a result, the Net Placing and Subscription Proceeds from the issue will be £19,100,000, being the Gross Placing and Subscription Proceeds of £20,000,000 less the brokers' commissions payable of £900,000.

Why is this prospectus being produced?	
Reasons for the offer or for the admission to trading on a regulated market	The Company is conducting the Placing and Subscription in order to support the growth of the Enlarged Group and to provide further working capital following the Acquisition.
Use and estimated net amount of the proceeds	Under the Placing and Subscription, 11,789,142 Placing Shares and 6,068,000 Subscription Shares will be subscribed for, and will, conditional on Readmission, be issued to, investors at the Placing Price of £1.12 per Placing Share, raising Gross Placing and Subscription Proceeds of £20,000,000. The Net Placing and Subscription Proceeds will be £19,100,000, being the Gross Placing and Subscription Proceeds of £20,000,000 less brokers' commissions payable of £900,000.. It is anticipated by the Directors and Proposed Directors that the Net Placing and Subscription Proceeds will be used by the Enlarged Group as follows:
Indication of whether the offer is subject to an underwriting agreement	The Placing and the Subscription are not being underwritten. AGAM and Cenkos, as the Company's joint brokers, have procured irrevocable conditional commitments to subscribe for and/or purchase the full amount of Placing Shares and Consideration Shares to be sold by the Selling Shareholders from subscribers in the Placing. The Company has also procured irrevocable conditional agreements from Subscribers to subscribe for the Subscription Shares.
Indication of the most material conflicts of interests pertaining to the offer or admission to trading	Not applicable.

Currency: £'000s	**£**
Strengthen regulatory portfolio	3
Direct to consumer marketing & build brand equity	4
Geographical expansion	3
Expand sales channels	2
Upscale HeiQ GrapheneX to pilot production	4.1
Build medical business unit	3
Total	**19.1m**

RISK FACTORS

Any investment in the Ordinary Shares carries a significant degree of risk, including risks in relation to the Enlarged Group's business strategy, potential conflicts of interest, risks relating to taxation and risks relating to the Ordinary Shares.

Prospective investors should note that the risks relating to the Ordinary Shares, the Enlarged Group and the sector in which it operates summarised in the section of this Document headed "Summary" are the risks that the Directors and the Proposed Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Enlarged Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Document headed "Summary" but also, among other things, the risks and uncertainties described below.

The risks referred to below are those risks the Directors and the Proposed Directors consider to be the material risks at the date of this Document. However, there may be additional risks that the Directors and the Proposed Directors do not currently consider to be material or of which the Directors and the Proposed Directors are not currently aware, that may adversely affect the Enlarged Group's business, financial condition, results of operations or prospects. Investors should review this Document carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares. If any of the risks referred to in this Document were to occur, the results of operations, financial condition and prospects of the Company could be materially adversely affected. If that were to be the case, the trading price of the Ordinary Shares and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Furthermore, investors could lose all or part of their investment.

RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS AND STRATEGY

Historic HeiQ growth rates may not be sustainable or indicative of future growth.

The operating history of HeiQ should not be considered as indicative of future performance. HeiQ may not be successful in executing its growth strategy, and even if the strategic plan is achieved, profitability may not be sustained. In future periods, revenue could decline or grow more slowly than expected.

The Directors and Proposed Directors believe that continued revenue growth will depend upon, among other factors, the ability to:

- attract talent as a global workforce and retain it;
- develop new products and services to enhance the offering available to customers;
- acquire new customers and retain existing customers;
- develop and enhance the systems and technology used to create and manufacture the existing product lines;
- enhance and scale systems that customers use to interact with HeiQ and invest in the infrastructure platform;
- maintain current and acquire new regulatory approvals and product registrations globally;
- maintain and enhance the credibility and awareness of the HeiQ brand;
- expand internationally with direct sales channels;
- identify new and emerging affiliates and maintain relationships with emerging and established affiliates;
- develop and enhance the licencing and royalties for the use of HeiQ Group's trademarks and technologies; and
- pursue selected strategic complementary acquisitions.

It cannot be assured that any of the foregoing will be achieved. HeiQ's customer base may not grow or may decline as a result of increased competition. Failure to continue revenue growth rates could have a material adverse effect on financial condition and operating results. The historical rate of revenue growth cannot be relied upon as an indication of HeiQ's future performance or the rate of growth that HeiQ may experience in any new product category or internationally.

IP protection and first mover advantage

HeiQ may be unable to secure and protect claims to intellectual property rights. HeiQ's business relies on protecting its brands and claims to a combination of intellectual property rights, trade secrets and freedom to operate strategies. HeiQ may not be able to substantiate and secure these claims and, even if registered rights are obtained, these may be invalidated, circumvented or challenged in future. Third parties may challenge HeiQ's rights by, for example, asserting prior rights in, or ownership of, certain trademarks, patents, or other intellectual property rights. If HeiQ fails to discover any infringements of its intellectual property rights, or is otherwise unable to successfully defend and enforce its rights, its business could be materially adversely affected. Sales of counterfeit products could be detrimental to consumers and, consequently, to corporate reputation. Any failure to substantiate or successfully assert HeiQ's intellectual property rights could make it less competitive and may have a material adverse effect on net revenue. Should any of the trademarks become genericised, competitors would be allowed to use the genericised trademark to describe their similar products. The loss of patent protection, ineffective protection or expiration of any of the patents without adequate substitution may negatively impact HeiQ's financial condition and results of operations. Intellectual property laws and patent offices are still developing, particularly in developing markets. Patent protection varies in different countries and can be substantially weaker in developing markets. Certain countries may adopt measures to facilitate competition within their markets and refuse to recognise patent protection. Additionally, expiry of HeiQ's patents may increase competition and pricing pressures and adversely impact sales revenue, particularly if generic products in the same or similar product class were to emerge. HeiQ may face challenges to its intellectual property rights from third parties, who allege that it is infringing on their rights. If HeiQ is unable to successfully defend against allegations of infringement, it may face various sanctions, including injunctions, monetary sanctions for past infringement, product recalls and alterations to its intellectual property, products and/or packaging, which could result in significant expense and negative publicity.

HeiQ faces competition, which may intensify.

As competing products come to market in direct competition to HeiQ's products, particularly from large global companies, this may result in a reduction in sales and therefore in revenues and associated profit margins. HeiQ faces substantial competition throughout its business from international and domestic companies. Competition is primarily focused on cost effectiveness, price, service, product effectiveness, quality and technological support. Success depends to a significant extent on the ability to launch and sell products that appeal to and are accepted by customers and sought by brands and their consumers. Competition may increase further as existing competitors enhance their offerings or additional companies enter the market or modify their existing products to compete directly with HeiQ's products. If HeiQ is unable to respond to changes in customer demand in a timely or adequate manner, or at all, and/or accurately predict or anticipate factors that may impact demand, prospects and results of operations may be materially and adversely affected.

Supply chain issues

HeiQ may not be able to supply enough of its current suite of products (specifically the antimicrobials HeiQ Viroblock, HeiQ Pure and HeiQ BacShield) to meet excessive demand, with strain consequentially being placed on its supply chain and network. HeiQ faces the risk of interruptions to its supply chain and disruptions in its production facilities or a failure of its business continuity plans, which could materially adversely affect the results of operations. HeiQ sources raw and packaging materials and finished goods from a wide variety of international chemical and packaging companies and co-producers. HeiQ's suppliers are diversified in terms of geography and supplied items, but it may face risks to continuity of supply arising from certain specialised suppliers, both of raw materials and of third-party manufactured items, including speciality chemicals and components. More generally, significant disruptions to HeiQ's suppliers' or HeiQ's own operations, such as disruptions resulting from natural catastrophes (including as a result of the effects of climate change), pandemics or other outbreaks of diseases, acts of war or terrorism, or otherwise, may affect HeiQ's ability to source raw materials on a more global basis and negatively impact its costs. The failure of a number of third-party suppliers to fulfil their contractual obligations, in a timely manner, or at all, may result in delays or disruptions to HeiQ's business, particularly if the relevant business continuity plan does not adequately address the risk. Replacing suppliers may require a new supplier to be qualified under industry, governmental or HeiQ's own internal standards, which could require investment and may take time. In addition, a number of HeiQ's facilities are critical to its business and major or prolonged disruption at those facilities, whether due to accidents, sabotage, strikes, closure by government agencies or otherwise, could materially adversely affect operations. Moreover, sites in which products are manufactured are subject to supervision by regulatory agencies, on both an ongoing and ad hoc basis. If it is unable to obtain or produce sufficient quantities of a particular product, at specifically approved facilities, whether due to disruption to, or failure of, manufacturing processes, or otherwise, it may fail to meet customer demand on a timely basis, which could undermine sales and result in customer dissatisfaction and damage to reputation.

Particularly with respect to the antimicrobials (HeiQ Viroblock, HeiQ Pure and HeiQ BacShield), reduced manufacturing capacity without adequate redundancy could result in an inability by HeiQ to meet the particularly high current market demand and result in loss of market share. As a result, significant disruption in global manufacturing and sourcing activities for any of the above reasons could interrupt HeiQ's business and lead to increased costs, lost sales and reputational damage. In addition, any failure to comply with applicable legal and regulatory requirements could lead to interruption of production, product recalls, seizures and revocation of licences to operate at any of HeiQ's facilities. Any interruption or disruption in the supply chain, particularly if significant or prolonged, could materially adversely affect the business, prospects, results of operations and financial condition.

HeiQ's reputation and brand strength could be adversely affected by quality related issues or negative publicity.

Substantial harm to HeiQ's reputation may materially adversely affect its business. Maintaining HeiQ's established reputation and trust with key stakeholders, including consumers, customers and trading partners is critical to its business. Various factors may adversely impact HeiQ's reputation, including product quality inconsistencies. Product defects may occur due to human error or equipment failure, among other things, which may be outside of the direct control of HeiQ. Reputational risks may also arise with respect to the methods and practices of third parties that are part of HeiQ's supply chain, including labour standards, health, safety and environmental standards, and raw material sourcing. HeiQ may also be the victim of product tampering. Any negative publicity could significantly undermine HeiQ's reputation and current methods of dissemination of information (including the ability of reports and rumours to 'go viral' online) mean that potential threats to a company's reputation can occur in a very short period of time and reach a far broader audience than historically was the case, making it far more difficult to address. Moreover, third parties have sold or may sell products that are counterfeit or unauthorised versions of HeiQ's products or inferior 'lookalike' products that resemble HeiQ's. Consumers may confuse HeiQ's genuine products with such unauthorised products, which may adversely affect HeiQ's reputation.

HeiQ is exposed to product liability risks.

As a product manufacturer, HeiQ is subject, from time to time, to certain legal proceedings and claims arising out of its products, including as a result of unanticipated side effects or issues that become evident only after products are widely introduced into the marketplace. HeiQ may be required in the future to pay compensation for losses or injuries that are allegedly caused by its products. Product liability claims may arise, among other things, from claims that products are defective, contain contaminants, provide inadequate warnings or instructions, or cause personal injury to persons or damage to property. Product liability claims, if resolved unfavourably, or if settled, could result in injunctions and/or may require HeiQ to pay substantial damages and related costs, including punitive damages, as well as result in the imposition of civil and criminal sanctions. If one of HeiQ's products is found to be generally defective, HeiQ could be required to recall the product, and/or may be required to alter trademarks, labels or packaging, which could result in adverse publicity, significant expenses, potential disruptions in the supply chain and loss of revenue. As at the date of this Document, HeiQ is not currently experiencing any recalls, product liability claims, or government investigations regarding product safety or product liability with respect to its products.

Environmental risks could affect the utilisation of fixed assets and results of operations.

HeiQ operates in the space of biocidal and chemical regulations and permits. Such regulations change constantly and require HeiQ to invest in its regulatory portfolio in order to maintain access to the markets. Failure to do so may result in restricted market access. Environmental regulations are also part of the chemical manufacturing process. Such regulations evolve over time and HeiQ may be required to follow new guidance or legislation in order for its manufacturing plants to maintain their production licences. Failure to do so may prevent HeiQ from manufacturing its products in the relevant plants. Whilst HeiQ carries environmental insurances for its operating sites, such insurances may not provide sufficient cover in the event of a worst case scenario materializing, thereby exposing HeiQ to consequential liabilities.

Manufacturing activities, such as the chemical manufacturing of the active ingredients present in HeiQ's products and the related storage, transportation and waste disposal could expose HeiQ to the risks of industrial accidents that could cause personal injury, property damage and environmental contamination. Whilst reasonable insurances are in place in relation to such events, this could result in the shutdown of any affected facilities and/or the imposition of civil, administrative, criminal penalties and/or civil damages. The occurrence of an industrial accident may materially reduce productivity of a facility which will adversely affect results and lead to reputational harm.

Climate change and governmental actions to reduce such change may disrupt operations and/or reduce consumer demand for products.

Climate change and governmental actions to reduce such change may disrupt HeiQ's operations and/or reduce consumer demand for its products. Climate change occurring around the world may impact the business in various ways, including an increase in raw material and packaging prices or reduced availability. In addition, governments may take action to reduce climate change, such as the introduction of a carbon tax or zero net deforestation requirements, which could impact HeiQ through higher costs or reduced flexibility of operations.

If HeiQ fails to effectively manage its growth, its business, financial condition and operating results could be harmed.

HeiQ may not be able to successfully develop new or improved products and launch them in a timely manner. The business, financial condition and operating results substantially depend on its ability to improve its existing products and successfully develop and launch new products and technologies. The ability to maintain and grow market share depends to a large extent on its ability to successfully and cost-effectively introduce and market new products (whether variants of existing products or newly developed products), and to develop equipment, technology and manufacturing processes for the products. If it is unable to successfully develop, launch and market new products that obtain consumer acceptance, in a timely manner, or at all, it may be unable to compete and maintain or grow its market share. Any new product or line extension may not generate sufficient customer interest or sales levels to become a profitable product or to cover the costs of development or promotion. In addition, if it decides to pursue growth opportunities in new categories and new category segments or in regions in which it has no prior experience or limited experience, it may become exposed to unexpected or greater risks and potential losses. This will require significant investment in research and development and testing of new formulae and new production processes, and there can be no assurance that the research and development will result in the successful development of marketable and registrable products.

Product innovation and development involve considerable costs and may demand a lengthy process. For example, research and development required to develop products could take a significant period of time, from discovery to commercial product launch, and given the limited duration of patents, the longer the length of time spent developing and launching a product, the less time for which HeiQ may secure exclusivity in which it can recoup the development costs and seek to profit. HeiQ may be unable to successfully obtain applicable regulatory approvals in a timely manner, or at all, and may fail to gain market approval for the products. Any delays could result in HeiQ not being the first to market and could undermine its competitive advantage. If any of the products it is currently developing, or may develop in future, fail to become market-ready or to achieve commercial success at expected levels, or at all, it may incur substantial losses. If HeiQ fails to develop or upgrade its equipment, technology and manufacturing processes at least in line with competitors, it may be unable to compete effectively and lose market share.

COVID-19 risk

Whilst HeiQ cannot predict the long-term potential effect of COVID-19 in the United Kingdom, Switzerland or elsewhere, and despite the strong growth HeiQ has experienced in H1 2020, driven by existing core technologies and the launch of HeiQ Viroblock, it does believe that COVID-19 could materially impact the financial condition of HeiQ if and in the event of several larger customers becoming insolvent. As at the LPD, HeiQ is not aware of any customers being at immediate risk and is actively using procedures such as prepayment plans, which can be used in the event of customers' risk profiles deteriorating. It is possible that if the current outbreak of COVID-19 increases or if there is a further wave in late 2020 or beyond, then this may lead to the disruption of HeiQ's operations as it may lead to the relative governments imposing travel restrictions and other similar restrictions on economic activities within Switzerland or elsewhere. Such restrictions have the potential to delay and cause disruption to HeiQ's planned business strategy and objectives until such time as such restrictions are lifted and as such HeiQ's planned business strategy and objectives may not be completed within the anticipated timeframes.

Geographical factors

HeiQ operates in a variety of countries which have different laws, taxes and different levels of maturity together with a range of competitors and customer expectations. HeiQ's business and results of operations are affected by changes in both global economic conditions and the individual markets in which it operates. Terrorist acts, civil unrest and other similar disturbances, as well as natural catastrophes, can impact economic conditions and consumer confidence, degrade infrastructure, disrupt supply chains and otherwise result in business interruption. A variety of factors may adversely affect results of operations and financial conditions during periods of economic uncertainty or instability, social or labour unrest or political upheaval in the markets in which it operates. For example, operations and supply chains may be disrupted. Periods of economic upheaval may also expose HeiQ to greater counterparty risks, including with customers, suppliers and financial institutions, who may become insolvent or otherwise unable to perform their obligations. HeiQ may also experience greater fluctuations in foreign currency movements, increased commodity prices and increased transportation and energy costs. Periods of economic and political upheaval may also lead to government actions, such as imposition of martial law, trade restrictions, foreign ownership restrictions, capital, price or currency controls, nationalisation or expropriation of property or other resources, or changes in legal and regulatory requirements, including those resulting in potentially adverse tax consequences.

HeiQ must successfully maintain, scale and upgrade its IT, research, development, and manufacturing technology systems, and failure to do so could have a material adverse effect on the business, financial condition and results of operations.

HeiQ has identified the need to significantly expand, scale and improve the technology systems relating to IT, research, development and manufacturing to support its expected future growth. This will involve investing in and implementing significant modifications and upgrades to its systems and procedures, including making repairs and changes, or acquiring new systems with increased functionality. It will also involve training or hiring personnel that have the expertise to operate the systems effectively and to create policies, procedures and monitoring tools to use alongside the systems. These types of activities will subject HeiQ to inherent costs and risks associated with replacing and changing these systems, substantial capital expenditures, additional administration and operating expenses, acquisition and retention of sufficiently skilled personnel to implement and operate the new systems, demand on management time, the introduction of errors or vulnerabilities and other risks and costs of delays or difficulties in transitioning to or integrating new systems into HeiQ's current systems. Additionally, difficulties with implementing new systems, delays in HeiQ's timeline for planned improvements, significant system failures, or HeiQ's inability to successfully modify the systems to respond to HeiQ's business needs may cause disruptions in HeiQ's business operations and have a material adverse effect on HeiQ's business, financial conditions and results of operations.

HeiQ may be unable to attract and retain qualified personnel, including key senior management.

HeiQ invests in recruiting and training talented personnel and senior management. HeiQ's business depends, in part, on the ability of executive officers and senior management to provide uninterrupted leadership and direction for its business, and, in particular, on the ability to recruit, train and maintain qualified personnel for product research and development. This need is all the more acute in the context of a growing business and in the strategic internal reorganisations and resource planning programmes to promote and manage such growth. The market for talent is intensely competitive and may become increasingly more competitive. HeiQ's ability to attract and retain key management and other personnel is dependent on a number of factors, including prevailing market conditions, attractiveness of competitors as potential employers, working conditions and culture and the ability to offer attractive compensation packages.

Brexit

If HeiQ wishes to expand product sales in the United Kingdom, then there may be additional costs incurred associated with Brexit. In a referendum on the United Kingdom's membership of the European Union held on 23 June 2016, a majority voted in favour of the United Kingdom's withdrawal from the European Union (the "**EU Referendum**"). On 29 March 2017, the UK Government triggered the official process for withdrawing from the European Union under Article 50 of the Treaty of the European Union ("**Brexit**"), leading to a process of negotiation that will determine the future terms of the United Kingdom's relationship with the European Union. The impending Brexit has created significant political, social and macroeconomic uncertainty in the United Kingdom, and has given rise to calls for the governments of other European Union member states to consider withdrawal.

Brexit also heightens the potential impact of some of the principal operating risks described above, including risks relating to the introduction of new regulations, modification of existing regulations or changes in interpretations of existing or new regulations described above. It remains unclear how the regulatory landscape will change, both in the United Kingdom and in the remaining EU member states. Additionally, the outcome of the negotiations between the United Kingdom and the EU in connection with the Brexit could have wider impacts on the risks being faced. Some of the potential effects include an increase in economic and operational uncertainty, a change in, or increase in the volatility of currency exchange, credit and interest rates, or that the outcome of the negotiations may be a catalyst for further changes to the regulations and/or structure of the European Union that will, in turn, have an impact on HeiQ's business and operating conditions.

Currency risk

The Company's operating and reporting currency is £, whilst HeiQ Group operates in CHF, EUR, CNY and $ and reports in $. Consequently, changes in the £, CHF, EUR, CNY and $ exchange rates will impact on the earnings of the Company. The exchange rates are affected by numerous factors beyond the control of the Company, including international markets, interest rates, inflation and the general economic outlook and as such, the Company may not be able to adequately manage these risks in some circumstances.

RISKS RELATING TO THE ORDINARY SHARES

The proposed Standard Listing of the Ordinary Shares will afford investors a lower level of regulatory protection than a Premium Listing.

Application will be made for the Ordinary Shares to be readmitted to a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. A Standard Listing will not permit the Company to gain a FTSE indexation, which may have an adverse effect on the liquidity of the Ordinary Shares.

While the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not and does not intend to appoint such a sponsor on Readmission;
- Chapter 9 of the Listing Rules regarding continuous obligations for a company with a Premium Listing;
- Chapter 10 of the Listing Rules relating to significant transactions. It should be noted therefore that the Acquisition and potentially any subsequent acquisitions will not require Shareholder consent under the Listing Rules;
- Chapter 11 of the Listing Rules regarding related party transactions. Nevertheless, the Company will not enter into any transaction which would constitute a "related party transaction" as defined in Chapter 11 of the Listing Rules without the specific prior approval of a majority of the Board;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

The Company may be unable to transfer to a Premium Listing or other appropriate listing venue following the Acquisition.

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules and does not currently intend to seek to transfer to either a Premium Listing or other listing venue. Even if the Company did determine to seek a transfer to a Premium Listing, there is no guarantee that it would be able to fulfil the relevant eligibility criteria.

The Company will therefore not be obliged to comply with the higher standards of corporate governance or other requirements which it would be subject to upon achieving a Premium Listing and, for as long as the Company continues to have a Standard Listing, it will be required to continue to comply with the lesser standards applicable to a company with a Standard Listing.

There is currently a limited market for the Ordinary Shares, notwithstanding the Company's intention to be readmitted to trading on the London Stock Exchange. A market for the Ordinary Shares may not develop, which would adversely affect the liquidity and price of the Ordinary Shares.

The price of the Ordinary Shares after Readmission may also vary due to a number of factors, including but not limited to, general economic conditions and forecasts, and the Company's financial results. Although the Company's current intention is that its securities should continue to trade on the London Stock Exchange, it cannot assure investors that they will always do so. In addition, an active trading market for the Ordinary Shares may not develop or, if developed, may not be maintained. Investors may be unable to sell their Ordinary Shares unless a market can be established and maintained, and if the Company subsequently obtains a listing on an exchange in addition to, or in lieu of, the London Stock Exchange, the level of liquidity of the Ordinary Shares may decline.

Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable.

Investments in the Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor may contribute both to infrequent trading in the Ordinary Shares on the London Stock Exchange and to volatile share price movements. Investors should not expect that they will necessarily be able to realise their investment in the Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Readmission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the issue price.

Dividend payments on the Ordinary Shares are not guaranteed.

To the extent the Company intends to pay dividends on the Ordinary Shares, it will pay such dividends at such times (if any) and in such amounts (if any) as the Board may determine. The Company will consider future payments of dividends, subject to sufficient distributable profits being available and will only pay dividends to the extent that doing so is in accordance with all applicable laws.

Dilution

If the Company elects to offer additional Ordinary Shares in the future, for example to raise additional funds or to fund an acquisition, this could dilute the interests of investors and/or have an adverse effect on the market price of the Ordinary Shares.

RISKS RELATING TO CONFLICTS OF INTEREST

The Proposed Directors may in the future become affiliated, with, or otherwise have financial interests in, entities engaged in business activities similar to those intended to be conducted by the Enlarged Group and may have conflicts of interest in allocating their time and business opportunities.

Each of the Proposed Directors may in the future become affiliated with or have financial interests in entities engaged in business activities similar to those conducted by the Enlarged Group.

In addition, the Proposed Directors may become aware of business opportunities that may be appropriate for presentation to the Enlarged Group. In such instances, they may decide to present these business opportunities to other entities which they are or may be affiliated with, in addition to or instead of presenting them to the Enlarged Group. Due to these existing or future affiliations, the Proposed Directors may have fiduciary obligations to present practical acquisition opportunities to those entities prior to presenting them to the Enlarged Group which could cause additional conflicts of interest.

The Proposed Directors may in future enter into related party transactions with any of the Enlarged Group companies, which may give rise to conflicts of interest between the Enlarged Group and the Proposed Directors.

The Proposed Directors and one or more of their affiliates may in future enter into other agreements with any of the Enlarged Group companies that are not currently under contemplation. While the Company will not enter into any related party transaction without the approval of the majority of the Board, it is possible that the entering into of such an agreement might raise conflicts of interest between the Enlarged Group and the Proposed Directors.

RISKS RELATING TO TAXATION

Taxation of returns from assets located outside of the UK may reduce any net return to Shareholders.

It is possible that any return the Company receives from assets located outside of the UK might be reduced by irrecoverable foreign withholding or other local taxes and this may reduce any net return derived by Shareholders from an investment in the Company.

Changes in tax law may reduce any net returns for Shareholders.

The tax treatment of Shareholders holding Ordinary Shares issued by the Company will be subject to changes in tax laws or practices in the UK or any other relevant jurisdiction. Any change may reduce any net return derived by Shareholders from an investment in the Company.

There can be no assurance that the Company will be able to make returns for Shareholders in a tax-efficient manner.

The Company has made certain assumptions regarding taxation. However, if these assumptions are not borne out in practice, taxes may be imposed with respect to any of the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). The level of return for Shareholders may also be adversely affected. Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders.

THE RISKS NOTED ABOVE DO NOT NECESSARILY COMPRISE ALL THOSE FACED BY THE COMPANY OR ENLARGED GROUP.

THE INVESTMENT DESCRIBED IN THIS DOCUMENT IS SPECULATIVE AND MAY NOT BE SUITABLE FOR ALL RECIPIENTS OF THIS DOCUMENT. POTENTIAL INVESTORS ARE ACCORDINGLY ADVISED TO CONSULT A PERSON AUTHORISED UNDER FSMA WHO SPECIALISES IN ADVISING ON INVESTMENTS OF THIS KIND BEFORE MAKING ANY INVESTMENT DECISIONS. A PROSPECTIVE INVESTOR SHOULD CONSIDER CAREFULLY WHETHER AN INVESTMENT IN THE COMPANY IS SUITABLE IN THE LIGHT OF HIS PERSONAL CIRCUMSTANCES AND THE FINANCIAL RESOURCES AVAILABLE TO HIM.

CONSEQUENCES OF A STANDARD LISTING

As the Acquisition constitutes a Reverse Takeover under the Listing Rules, the London Stock Exchange will cancel trading in the Existing Ordinary Shares on the Main Market for listed securities, and the FCA will cancel the listing of the Existing Ordinary Shares on the standard segment of the Official List by 8:00 a.m. on 7 December 2020.

Application will be made for the Enlarged Share Capital to be Readmitted to trading on the Main Market for listed securities pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. The Company is required to and will comply with the Listing Principles set out in Chapter 7 of the Listing Rules at Listing Rule 7.2.1, which apply to all companies with securities admitted to the Official List, being Listing Principle 1 and Listing Principle 2.

A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. While the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not and does not intend to appoint such a sponsor on Readmission;
- Chapter 9 of the Listing Rules regarding continuous obligations for a company with a Premium Listing;
- Chapter 10 of the Listing Rules relating to significant transactions. It should be noted therefore that the Acquisition and potentially any subsequent acquisitions will not require Shareholder consent under the Listing Rules;
- Chapter 11 of the Listing Rules regarding related party transactions. Nevertheless, the Company will not enter into any transaction which would constitute a "related party transaction" as defined in Chapter 11 of the Listing Rules without the specific prior approval of a majority of the Board;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply. However, the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this Document are themselves misleading, false or deceptive.

IMPORTANT INFORMATION

In deciding whether or not to invest in Ordinary Shares, prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or the Proposed Directors. Without prejudice to the Company's obligations under FSMA, the Prospectus Regulation Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, neither the delivery of this Document nor any subscription made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Enlarged Group since the date of this Document or that the information contained herein is correct as at any time after its date.

Prospective investors must not treat the contents of this Document or any subsequent communications from the Company, the Directors, the Proposed Directors, or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

The section headed *"Summary"* should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole by the investor. In particular, investors must read the sections relating to risks contained in the Summary together with the risks set out in the section headed *"Risk Factors"* beginning on page 13 of this Document.

This Document is being furnished by the Company in connection with an offering exempt from registration under the Securities Act solely to enable prospective investors to consider the purchase of the Ordinary Shares. Any reproduction or distribution of this Document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Ordinary Shares hereby is prohibited.

This Document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or solicitation of an offer or invitation to subscribe for or buy, any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this Document and the offering of Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom who obtain possession of this Document are required by the Company, the Directors and the Proposed Directors, to inform themselves about, and to observe any restrictions as to the offer or sale of the Ordinary Shares and the distribution of this Document under the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or the Directors or the Proposed Directors that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Document other than in any jurisdiction where action for that purpose is required. Neither the Company nor the Directors nor the Proposed Directors accept any responsibility for any violation of any of these restrictions by any person.

The Ordinary Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, Canada, the Republic of South Africa or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States, Australia, Canada, the Republic of South Africa, or Japan or to any national, resident or citizen of Australia, Canada, the Republic of South Africa or Japan.

The Ordinary Shares have not been approved or disapproved by the SEC, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or confirmed the accuracy or determined the adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the United States.

Investors may be required to bear the financial risk of an investment in the Ordinary Shares for an indefinite period.

Neither AGAM nor Cenkos, nor any person acting on their respective behalves, makes any representation or warranty, express or implied, with regard to the completeness or accuracy of this Document, nor does any such person authorise the contents of this Document. No such person accepts any responsibility or liability whatsoever for the contents of this Document or for any other statement made or purported to be made by it or on its behalf in connection with the Enlarged Group, the Ordinary Shares, the Acquisition or Readmission. Apart from the responsibilities and liabilities, if any, which may be imposed on AGAM or Cenkos, in their respective capacities as financial adviser and joint broker and placing agent and joint broker to the Company by FMSA or the regulatory regime established thereunder, AGAM and Cenkos disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Document or any such statement. Neither AGAM, nor Cenkos, nor any person acting on their respective behalves, accepts any responsibility or obligation to update, review or revise the information in this Document or to publish or distribute any information which comes to their attention after the date of this Document, and the distribution of this Document shall not constitute a representation by AGAM or Cenkos or any such person that this Document will be updated, reviewed, revised or that any such information will be published or distributed after the date hereof.

Data protection

The Company may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Enlarged Group and the administering of interests in the Enlarged Group;
- meeting the legal, regulatory, reporting and/or financial obligations of the Enlarged Group in the United Kingdom or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Enlarged Group to operate and/or administer the Company.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- disclose personal data to third-party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data, it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, prospective investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third-party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

Investment considerations

In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Enlarged Group, this Document and the terms of the Readmission, including the merits and risks involved. The contents of this Document are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and

- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares or distributions by the Company, either on a liquidation or distribution, or otherwise. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Enlarged Group's objectives will be achieved.

It should be remembered that the price of the Ordinary Shares and any income from such Ordinary Shares can go down as well as up.

This Document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles, which investors should review.

Forward-looking statements

This Document and any document incorporated herein by reference include statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the Document and any document incorporated herein by reference and include statements regarding the intentions, beliefs or current expectations of the Company, the Directors and the Proposed Directors concerning, among other things: (i) the Company's and Enlarged Group's objectives, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares; and (ii) implementation of active management strategies, including with regard to the Acquisition. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guaranteeing future performances. The Company's or the Enlarged Group's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document and any document incorporated herein by reference. In addition, even if the Enlarged Group's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its strategies are consistent with the forward-looking statements contained in this Document and any document incorporated herein by reference, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to:

- the Company's ability to ascertain the merits or risks of the Acquisition;
- the availability and cost of equity or debt capital for future transactions;
- currency exchange rate fluctuations, as well as the success of the Enlarged Group's hedging strategies in relation to such fluctuations (if such strategies are in fact used);
- changes in the economic environment; and
- legislative and/or regulatory changes, including changes in taxation regimes.

Prospective investors should carefully review the 'Risk Factors' section of this Document for a discussion of additional factors that could cause the Company's or the Enlarged Group's actual results to differ materially before making an investment decision. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 11 of Part XI of this Document.

Forward-looking statements contained in this Document and any document incorporated herein by reference apply only as at the date of this Document. Subject to any obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules, and MAR, the Company undertakes no obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

After Readmission, the Company shall continue to provide updates to investors, as required pursuant to the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules and MAR.

Third party data

This Document includes certain market, economic and industry data, which was obtained by the Company from industry publications, data and reports, compiled by professional organisations and analysts' data from other external sources conducted by or on behalf of the Company and HeiQ. 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. The Company confirms that data sourced from third parties used to prepare the disclosures in this Document has been accurately reproduced and, so far as the Company, the Directors and the Proposed Directors are aware, and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. All third-party information is identified alongside where it is used.

Certain of the aforementioned third-party sources may state that the information they contain has been obtained from sources believed to be reliable. However, such third-party sources may also state that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As the Company does not have access to the facts and assumptions underlying such market data, statistical information and economic indicators included in these third-party sources, the Company is unable to verify such information.

Currency presentation

Unless otherwise indicated, all references in this Document to "UK Sterling", "pound sterling", "sterling", "£", or "pounds" or "pence" are to the lawful currency of the UK and all references to "EUR", "€" or "euro cents" are to the lawful currency of the EU. In addition, all references to "USD", "US$", "US dollar" or "cents" are to the lawful currency of the United States and all references to "CHF" or "Swiss Francs" are to the lawful currency of Switzerland.

No incorporation of website

The contents of any website of the Company, any member of the Enlarged Group, or any other person do not form part of this Document, unless stated to be incorporated by reference.

Definitions

A list of defined terms used in this Document is set out in Part XII "*Definitions*".

Governing law

Unless otherwise stated, statements made in this Document or documents incorporated herein by reference are based on the law and practice currently in force in England and Wales and are subject to changes therein.

RELEVANT DOCUMENTATION AND INCORPORATION BY REFERENCE

The table below sets out the information which is incorporated by reference in this Document, to ensure Shareholders and others are aware of all information which is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Enlarged Group and the rights attaching to the Ordinary Shares.

Information that is itself incorporated by reference or referred or cross-referenced to in these documents is not incorporated by reference into this Document.

Information incorporated by reference into this Document	Description of incorporation	Page numbers within those documents
Historical financial information for the Company	Unaudited interim financial information for the six months ended 30 June 2020	All
	Audited historical financial information for the year ended 31 December 2019	All
	Audited historical financial information for the year ended 31 December 2018	All
	Audited historical financial information for the year ended 31 December 2017	All

Shareholders, persons with information rights, or other persons to whom this Document is sent may request a copy of the information above in hard copy form. Hard copies will not be sent to that person unless requested. Hard copies may be requested in writing from the following address: 5^{th} Floor, 15 Whitehall, London SW1A 2DD or by calling: (+44) (0)20 7389 5010.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication and posting of this Document and the Forms of Proxy	12 November 2020
Latest time and date for receipt of Forms of Proxy	10:00 a.m. on 2 December 2020
General Meeting	4 December 2020
Cancellation of trading of Existing Ordinary Shares	7 December 2020
Completion of the Acquisition	7 December 2020
Readmission and recommencement of dealings on the London Stock Exchange of the Existing Ordinary Shares (on a post-consolidated basis) and commencement of dealings on the London Stock Exchange of the New Ordinary Shares	7 December 2020
CREST members' accounts credited in respect of New Ordinary Shares	7 December 2020
Ordinary Share certificates dispatched where applicable by	21 December 2020

All references to time in this Document are to London time unless otherwise stated

PLACING AND READMISSION STATISTICS

Number of Existing Ordinary Shares prior to Consolidation in issue at the date of this Document	2,668,999
Number of Ordinary Shares following Consolidation	889,653
Number of Placing Shares to be issued pursuant to the Placing	11,789,142
Number of Consideration Shares to be issued pursuant to the Acquisition	106,759,900
Number of Consideration Shares to be sold in the Placing by HeiQ Shareholders	35,714,287
Number of Subscription Shares to be issued	6,068,000
Number of Adviser Shares to be issued	385,209
Number of Ordinary Shares in issue on Readmission following Consolidation	125,891,904
Placing Shares as a percentage of the Enlarged Share Capital	9.36
Consideration Shares as a percentage of the Enlarged Share Capital	84.80
Subscription Shares as a percentage of the Enlarged Share Capital	4.82
Adviser Shares as a percentage of the Enlarged Share Capital	0.31
New Ordinary Shares as a percentage of the Enlarged Share Capital	99.29
Placing Price	£1.12
Gross Placing and Subscription Proceeds	£20,000,000
Transaction Costs	£2,115,000
Transaction Costs payable from the Placing and Subscription	£900,000
Net Placing and Subscription Proceeds	£19,100,000
Market capitalisation of the Company at the Placing Price on Readmission	£141,000,000

DEALING CODES PRE-READMISSION

ISIN	GB00BNGMVP25
SEDOL	BNGMVP2
EPIC/TIDM	AUCT
LEI	2138 00IG T65I MJDO 4S03

DEALING CODES POST-READMISSION

ISIN	GB00BN2CJ299
SEDOL	BN2CJ29
EPIC/TIDM	HEIQ
LEI	2138 00IG T65I MJDO 4S03

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors	Ross George James Ainger (to resign upon Readmission) Malcom Alex Burne (to resign upon Readmission) Nathan Anthony Steinberg (to resign upon Readmission)
Proposed Directors	Esther Dale-Kolb Carlo Riccardo Centonze Xaver Hangartner Benjamin Bergo Karen Brade
Company Secretary	Michael George Dack
Financial Adviser and Joint Broker	Arlington Group Asset Management Limited 15 Whitehall London SW1A 2DD
Placing Agent and Joint Broker	Cenkos Securities plc 6 7 8 Tokenhouse Yard London EC2R 7AS
Company's Solicitor	BDB Pitmans LLP One Bartholomew Close London EC1A 7BL
Local Counsel – Switzerland	Schellenberg Wittmer Ltd
Local Counsel – USA	Fox Rothschild LLP
Solicitor to HeiQ as to UK law	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Accountants to Company	F.W. Smith, Riches & Co 15 Whitehall London SW1A 2DD
Reporting Accountants and auditor to HeiQ	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Registrar	Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS13 8AE
Registered Office	5th Floor 15 Whitehall London England SW1A 2DD Telephone: 020 7389 5010
Financial PR	Newgate Communications Sky Light City Tower 50 Basinghall Street London EC2V 5DE
Website from Readmission	www.heiq.com

PART I

LETTER FROM THE CHAIRMAN OF THE COMPANY

To the holders of Existing Ordinary Shares

12 November 2020

Dear Shareholder,

Proposed Acquisition of HeiQ Materials AG

Introduction

The Company announced on 12 November 2020 that it had conditionally agreed to acquire the entire issued share capital of HeiQ, the consideration for which is £119,571,088, to be satisfied by the issue and allotment to the HeiQ Shareholders of the Consideration Shares at a deemed issue price of £1.12 per Ordinary Share. The Acquisition will constitute a Reverse Takeover under the Listing Rules as it will result in a fundamental change in the business and management of the Company. Therefore, trading in the Existing Ordinary Shares was suspended with effect from 25 September 2020 pending the publication of this Document and completion of the Acquisition. The Acquisition is conditional, *inter alia*, upon Readmission and the approval by Existing Shareholders of certain Resolutions at the Company's General Meeting to be held on 4 December 2020, notice of which is set out at the end of this Document.

In addition, the Company is undertaking a cash placing to raise £13,203,840 by the issue of 11,789,142 Placing Shares in order to provide the Enlarged Group with further working capital. Readmission will also enable Selling Shareholders to realise, in part, their investment in the Company. The Selling Shareholders have agreed to sell, in aggregate, 35,714,287 Consideration Shares in the Placing at the Placing Price raising £40,000,000. The Company will not receive any of the proceeds of the sale of the Consideration Shares in the Placing, which will be paid to the Selling Shareholders, subject to the deduction of the agreed brokers' commissions (4.5 per cent. in aggregate to be shared between AGAM and Cenkos), an administration fee of 0.5 per cent. to be paid to HeiQ and the relevant stamp duty payment.

The Company has also entered into conditional binding agreements with the Subscribers to raise additional gross proceeds of £6,796,160 through the issue of an aggregate 6,068,000 Subscription Shares at £1.12 per Subscription Share. The Subscription is conditional, *inter alia*, upon completion of the Acquisition and Readmission.

The purpose of this Document is to explain the background to and reasons for the Acquisition and to demonstrate how it aligns with the Company's strategy and why the Directors believe that the Acquisition, Placing and Subscription are in the best interests of the Company and its Existing Shareholders.

Overview and reasons for the Acquisition

The Company was incorporated on 14 May 2014 in England and Wales and was formed for the purpose of undertaking an acquisition of a target company or business, drawing on the extensive experience of the Company's Founders and its Board. As Directors, we have been seeking to identify suitable acquisition opportunities that we believe can add value for Shareholders. The Company's efforts in identifying a prospective target company or business have not been limited to a particular industry or geographic region and we have reviewed many possible acquisition opportunities before agreeing the terms regarding the current acquisition, namely of HeiQ.

In order to properly analyse the merits of the Acquisition, the Directors have drawn on the expertise of a number of key advisers to undertake legal, financial and commercial due diligence on HeiQ and its business and operations. The Company and HeiQ entered into an exclusivity agreement on 5 June 2020, following which the parties conducted necessary commercial, financial and legal due diligence. Following the completion of the due diligence review, the Directors believe that HeiQ represents a very suitable acquisition opportunity for the Company.

In summary, the Directors believe that the Acquisition, Placing and Subscription would be in the best interests of the Shareholders for the following reasons:

- it allows the Company to acquire a functional materials innovation, chemicals, consumer goods and medical device business at a strategic time when HeiQ's products are experiencing high levels of demand due to the impact of COVID-19;
- the Directors believe the valuation being paid for HeiQ is attractive;
- it will provide capital to assist HeiQ with strengthening its regulatory portfolio and progressing its entry into the medical devices market;
- it will provide capital to further enable HeiQ to enhance its direct to consumer ("**DTC**") marketing, communication and build brand equity;
- it will provide capital to further enable HeiQ to fund its research and development program with the aim of adding new technologies to its existing portfolio, such as the graphene membrane technology HeiQ GrapheneX for industrial filtration applications;
- it will provide capital to further enable HeiQ to support the growth of its business by means of geographical and sales channel expansion;
- it enhances HeiQ's ability to further commercialise its functional chemicals, functional materials, and functional consumer products as well as medical devices and other innovations;
- it enhances HeiQ's ability to develop its licencing and royalty business;
- it enhances HeiQ's ability to satisfy the high level of revenue growth being generated from its antimicrobial technologies, including HeiQ Viroblock and HeiQ Pure, with greater access to resources;
- it enhances HeiQ's ability to attract and retain new staff through share option schemes;
- HeiQ is looking to grow both organically and via acquisitions and having listed shares will provide a potentially attractive acquisition currency that can be used when suitable acquisition opportunities arise;
- it grants the Enlarged Group easier access to future equity capital should further funds be required for acquisitions or any future organic development beyond the Enlarged Group's present plans; and
- it increases both the Company's and HeiQ's networks of high-level industry and technical relationships, to support both current activities and future activities.

The Acquisition, which remains conditional on Readmission and Existing Shareholder approval, was approved by the Board on 11 November 2020.

Acquisition structure

Following Readmission, the Enlarged Group will comprise the Company, HeiQ and the various subsidiaries of HeiQ as shown in the group structure chart set out in Part V of this Document. The Company will act as the holding company of the Enlarged Group. The Enlarged Group's business will focus on the fulfilment of the strategy detailed in the section headed *"Strategy and future growth"* below.

Acquisition Agreement

The Acquisition Agreement was entered into between the Company and the HeiQ Shareholders on 12 November 2020. Pursuant to the Acquisition Agreement, the Company has conditionally agreed to acquire the entire issued share capital of HeiQ. The consideration for the HeiQ Shares shall be the sum of £119,571,088, which shall be satisfied by the Company issuing and allotting the Consideration Shares to the HeiQ Shareholders at a deemed issue price of £1.12 per Consideration Share. The Consideration Shares will represent 84.80 per cent of the Enlarged Share Capital. The Consideration Shares will rank *pari passu* in all respects with the Ordinary Shares in issue at Readmission.

Completion of the Acquisition Agreement is subject to satisfaction of certain conditions precedent including:

- none of the HeiQ Shareholders being required to make a mandatory offer for the Company under Rule 9 of the Takeover Code as a result of the issue of the Consideration Shares;
- the passing at the General Meeting of such of the Resolutions without material amendment necessary to approve, implement and effect the Transaction, being resolutions to:
    - authorise the directors of the Company to allot the New Ordinary Shares; and
    - dis-apply statutory pre-emption rights in respect of the allotment of, *inter alia*, the Placing Shares and the Subscription Shares;

In addition, amongst other standard provisions, the Acquisition Agreement contains:

- various warranties typical in a transaction of this nature from the HeiQ Shareholders in favour of the Company, regarding (amongst other matters) title and capacity, employees and the business and assets of HeiQ;
- obligations on HeiQ to maintain trading of HeiQ in the ordinary course in the period between the date of the Acquisition Agreement and Readmission.

Subject to Readmission and all conditions having been satisfied or waived as appropriate, the Acquisition is expected to complete on 7 December 2020, being the date of anticipated Readmission.

City Code on Takeovers and Mergers

The Company is incorporated in England and Wales and its Ordinary Shares will be admitted to trading on the Standard List of the Main Market. Accordingly, the City Code applies to the Company and as such its Shareholders are entitled to the protections afforded by the City Code.

Under Rule 9 of the City Code ("**Rule 9**"), any person who acquires an interest in shares (as defined in the City Code), whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert (as defined in the City Code) with him) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer, in cash, to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increases the percentage of shares carrying voting rights in which he is interested.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer. Under the City Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. "**Control**" means holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control.

Upon Readmission, the Enlarged Share Capital will be 125,891,904 Ordinary Shares plus options over 6,260,000 Ordinary Shares, granted to employees and executive directors, including members of the Concert Party. The current shareholdings of the Concert Party as at the date of this Document, upon Readmission and their maximum potential shareholdings, assuming exercise of all outstanding options at Readmission, are/will be as follows:

	Interest in Existing Ordinary Shares		Consideration Shares	Consideration Shares being sold in the Placing	Interest in Enlarged Ordinary Share Capital		Options held	Maximum potential interest in the enlarged share capital	
Concert Party Member	**No.**	**%**	**No.**	**No.**	**No.**	**%**	**No.**	**No.**	**%**
Carlo Centonze	—	—	8,667,909	—	8,667,909	6.89	1,120,000	9,787,909	7.77
Murray Height	—	—	8,861,230	843,167	8,018,063	6.37	910,000	8,928,063	7.09
Cortegrande AG............	—	—	5,186,237	—	5,186,237	4.12	—	5,186,237	4.12
Emanuele Centonze	—	—	2,576,407	1,288,299	1,288,108	1.02	—	1,288,108	1.02
Annica Centonze...........	—	—	1,968,339	1,299,123	669,216	0.53	—	669,216	0.53
Esther Dale-Kolb	—	—	1,805,972	902,986	902,986	0.72	—	902,986	0.72
Xaver Hangartner..........	—	—	493,746	—	493,746	0.39	1,120,000	1,613,746	1.28
Benjamin Bergo	—	—	284,853	—	284,853	0.23	—	284,853	0.23
Trevor Height................	—	—	167,114	—	167,114	0.13	—	167,114	0.13
Robyn Height................	—	—	165,215	—	165,215	0.13	—	165,215	0.13
Darren Morcombe..........	—	—	5,019,486	—	5,019,486	3.99	—	5,019,486	3.99
Total..............................			**35,196,508**	**4,333,575**	**30,862,933**	**24.52**	**3,150,000**	**34,012,933**	**27.02**

Darren Morcombe will be issued 251,281 new Ordinary Shares upon Readmission in consideration of the consultancy services provided in relation to the Transaction (the table above includes these shares for the purpose of calculating the Concert Party holdings / percentages). The Concert Party will have, on Readmission, an interest in 24.52 per cent of the Enlarged Share Capital. In addition members of the Concert Party will hold options over 3,150,000 Ordinary Shares. Assuming that these options are exercised in full and no other new Ordinary Shares are issued, the maximum interest, in aggregate, of the Concert Party would be 34,012,933 Ordinary Shares representing approximately 27.02 per cent of the then enlarged voting rights of the Company. As a result, the Panel will not be required to consider a waiver, under Note 1 of the Notes on the Dispensations from Rule 9, of the requirement for a general offer to be made in accordance with Rule 9.

Strategy and future growth

HeiQ creates innovative technologies that add functionality, comfort, hygiene and sustainability to existing apparel, home textiles, technical textiles, medical textiles and devices and functional consumer products. HeiQ's technology has been incorporated into over 300 of the world's functional lifestyle brands across the apparel, medical and home textile markets. These technologies aim to give the end user an enhanced user experience which, in the textile market, can be achieved via improved cooling, warming, moisture management, odour control, oil repellency, insect repellency, hygiene, antiviral, antibacterial and antifungal protection and the creation of more sustainable water repellent fabrics. In the home textile markets, HeiQ produces air purifying fabric coatings which can help reduce the owners' exposure to harmful indoor volatile organic compounds, such as formaldehyde. Recently, HeiQ launched its antiviral and antimicrobial textile technology, HeiQ Viroblock for industrial application, which provides porous materials with a durable surface protection, potential sanitisation and disinfection and which has experienced robust growth due to the COVID-19 global pandemic. HeiQ has verticalized its offering into HeiQ Viroblock treated nonwoven fabrics for type II surgical masks and has orchestrated the manufacture of HeiQ Viroblock filtering facepiece medical device respirators ("**FFP2 respirators**") as its first entry into medical devices. Having entered the market under emergency use authorisations, HeiQ will be required to invest in regular medical device registrations to maintain, sustain or re-register this business under non-emergency protocols. In addition to its current granted US Environmental Protection Agency (EPA) and Swissmedic registrations, HeiQ is applying to the US Food and Drug Administration (FDA) for individual emergency use authorisation as well as making the regular 510(k) submission for the FFP2 respirator. HeiQ has further moved its HeiQ Viroblock technology into functional consumer goods, starting with a spray made of HeiQ Viroblock ingredients, a textile aftercare hygienizer and variants thereof, intended to be registered as residual sanitiser and residual disinfectant.

HeiQ offers a wide product range with its technologies focused on the functional textile market. HeiQ's vision is to help improve the lives of billions of consumers by aiming to perfect textile products that are used in their everyday lives.

HeiQ's current core technologies are:

- Antimicrobials
  - HeiQ Viroblock – provides rapid antiviral surface protection, hygienisation and potentially sanitisation and disinfection for porous surfaces;
  - HeiQ Pure – provides robust and durable antibacterial protection to various types of textiles and leather;
  - HeiQ BacShield – provides bio-based antibacterial, antifungal and antiviral protection to porous and potentially hard surfaces;
  - HeiQ Viroblock Spray & XPRAY (functional consumer goods) – provides rapid antiviral surface protection, hygienisation and potentially sanitisation and disinfection for porous surfaces; (currently in pre-launch phase)
- Odour and Volatile Organic Compound Management
  - HeiQ Fresh – provides indoor air purification and odour control for apparel, home textile and technical textiles;
- Durable Water Repellents
  - HeiQ Eco Dry – provides sustainable fluorine free durable water-repellency for apparel;
- Cooling Technologies
  - HeiQ Smart Temp – provides dynamic cooling technologies for apparel;
- Warming and Radiant Barrier Warming Technologies
  - HeiQ XReflex – provides lightweight warming insulation for apparel and radiant body heat reflection (HeiQ Taiwan, a joint venture with Xefco Pty Ltd, is marketing and producing this product);
- Luxury Softeners and Moisture Management
- Rapid polyester levelling agents
  - HeiQ Clean Tech (winner of Swiss Environmental Award) – provides sustainable polyester dye accelerator with material cost, energy, water and CO2 footprint savings;
- Insect repellent technologies
  - HeiQ Bug Guard – provides robust insect repellency;
- Oil and gasoline nonwoven absorbers
  - HeiQ Oilguard (winner of Swiss Technology Award) – provides multifunctional water-repelling oil absorption nonwovens for coastline and marine life preservation;
- Functional Consumer Goods – masks and sprays
  - HeiQ Viroblock FFP2 respirators – considered by the HeiQ Directors to be state-of-the-art personal protective equipment with antiviral surface;
- HeiQ GrapheneX filtration and separation membrane – provides porous graphene membranes for breathable water-repellent apparel and a wide range of industrial filtration and separation applications, including but not limited to filtration, desalination, batteries, dialysis, pharma, food and feed separation and electronics (currently in advanced research phase).

In the future, HeiQ intends to continue its efforts to monetise these existing core technologies while also investing in the development of new technologies to continually add to its technology product suite and bring the current technology platforms into adjacent business fields, such as functional materials and fastmoving consumer goods (“**FMCG**”) products. HeiQ also aims to become a key player in materials innovation by continuing to create novel textile effects with tangible benefits that enhance performance, protection, hygiene and comfort and provide an improved end user experience. HeiQ’s medium term goal is to increase revenue from $30,000,000 to $300,000,000.

The Placing, Subscription and use of proceeds

Conditional, *inter alia*, on publication of this Document and Readmission, the Company has raised gross placing proceeds of £13,203,840 through the issue of 11,789,142 Placing Shares at the Placing Price. The Selling Shareholders have also agreed to sell, in aggregate, 35,714,287 Consideration Shares in the Placing at the Placing Price raising £40,000,000. The Company will not receive any of the proceeds of the sale of the Consideration Shares in the Placing, which will be paid to the Selling Shareholders, subject to the deduction of the agreed brokers’ commissions (4.5 per cent. in aggregate to be shared between AGAM and Cenkos), an administration fee of 0.5 per cent. to be paid to HeiQ and the relevant stamp duty payment.

The Company has also entered into Subscription Agreements with the Subscribers to raise additional gross proceeds of £6,796,160 through the issue of an aggregate 6,068,000 Subscription Shares at £1.12 per Subscription Share. The Subscription is conditional, *inter alia*, upon completion of the Acquisition and Readmission.

It is anticipated by the Directors and Proposed Directors that the Net Placing and Subscription Proceeds of £19,100,000, comprising the Gross Placing and Subscription Proceeds of £20,000,000 less brokers’ commissions of £900,000, will be used to strengthen the Enlarged Group’s regulatory portfolio, enhance its DTC marketing and build brand equity, expand its geographical footprint, expand its sales channels, upscale HeiQ GrapheneX and build a medical business unit. Further details of the Placing and Subscription, as well as the anticipated use of the proceeds, are set out in Part IV of this Document.

If the Placing, and therefore the Acquisition, does not complete for any reason, the suspension of the Existing Ordinary Shares will be lifted and trading in the Existing Ordinary Shares will recommence.

Change of name

To reflect the business of the Enlarged Group, the Board is proposing to change the name of the Company to HeiQ plc. As the current Articles permit the Board to change the name without the need for a shareholder resolution, the Board has resolved, conditional on Readmission, to change the name of the Company to HeiQ plc. The change of name will be effective once Companies House has issued a new certificate reflecting the change of name. This is expected to occur on or around 7 December 2020.

The Consolidation

The Directors consider that it is in the best interests of the Company’s long term development as a public quoted company to have a more manageable number of issued ordinary shares and to have a higher share price.

Accordingly, it is proposed that the Company’s share capital be reorganised such that:

every 3 Existing Ordinary Shares be consolidated into
1 new Ordinary Share of £0.30.

As all of the Existing Ordinary Shares are proposed to be consolidated, the proportion of issued ordinary share holdings in the Company held by each Existing Shareholder immediately before and immediately after Consolidation will, save for fractional entitlements (the treatment of which is described below), remain unchanged.

Existing Shareholder approval of the Consolidation is being sought pursuant to Resolution 1.

Fractional entitlements

It is likely that the Consolidation will result in fractional entitlements where any holding is not precisely divisible by three. No certificates will be issued for fractional entitlements to new Ordinary Shares. Following the implementation of the Consolidation, certain Existing Shareholders may not have a proportionate shareholding of Ordinary Shares exactly equal to their proportionate holding of Existing Ordinary Shares. Furthermore, any Existing Shareholders holding fewer than three Existing Ordinary Shares as at close of business on 4 December 2020 (the “**Record Date**”) will cease to be a shareholder of the

Company. The minimum threshold to receive Ordinary Shares arising out of the Consolidation will be three Existing Ordinary Shares.

The Articles currently permit the Directors to sell shares representing fractional entitlements arising from the Consolidation. Any Ordinary Shares in respect of which there are fractional entitlements will therefore be aggregated and sold in the market for the best price reasonably obtainable on behalf of Existing Shareholders entitled to fractions. The Company will distribute the proceeds of sale in due proportion to any such Existing Shareholders in accordance with the Articles.

For the avoidance of doubt, the Company is only responsible for dealing with fractions arising on registered holdings. For Existing Shareholders whose Existing Ordinary Shares are held in the nominee accounts of UK stockbrokers, the effect of the Consolidation on their individual shareholdings will be administered by the stockbroker or nominee in whose account the relevant shares are held. The effect is expected to be the same as for shareholdings registered in beneficial names, however, it is the responsibility of the stockbroker or nominee to deal with fractions arising within their customer accounts, and not the responsibility of the Company.

Following the Consolidation, the Company's new ISIN code will be GB00BN2CJ299.

Existing Shareholders who hold Existing Ordinary Shares in uncertificated form will have such shares disabled in their CREST accounts at close of business on 4 December 2020, and their CREST accounts will be credited with the Ordinary Shares following Readmission, which is expected to take place on 7 December 2020.

Following the Consolidation, existing share certificates will cease to be valid and new share certificates are expected to be despatched to those Existing Shareholders who hold their Existing Ordinary Shares in certificated form by 21 December 2020.

Cancellation of Share Premium Account

The Company is requesting that Existing Shareholders approve the reduction of the amounts standing to the credit of the Company's share premium account. If this is approved by Existing Shareholders then, the Company will, subject to it commencing the Companies Act court approved reduction of capital procedure and the confirmation of the High Court, be able to eliminate the current deficit on the Company's retained earnings reserve and create positive reserves. A company cannot declare dividends if it does not have positive reserves. Shareholders should note that the Company cannot guarantee that the High Court will approve the reduction nor that the Company will declare dividends following any such reduction.

Summary financial information

Audited historical financial information for the financial periods for the three years ended 31 December 2019 and unaudited interim financial information for the six-month period ended 30 June 2020 for the Company, as set out in Part VII of this Document, is incorporated into this Document by reference. Copies of the annual accounts of the Company for the financial periods for the three years ended 31 December 2019 and the report on the unaudited interim financial information for the six-month period ended 30 June 2020 may be found on the Company's website: www.auctusgrowthplc.co.uk.

Audited consolidated historical financial information for HeiQ Group for the three years ended 31 December 2019 and unaudited interim financial information for HeiQ Group for the six-month period ended 30 June 2020 is set out in Part VIII of this Document.

Unaudited pro forma financial information for the Enlarged Group immediately following Completion is set out in Part IX of this Document.

Dividend policy

To the extent the Company intends to pay dividends on the Ordinary Shares, it will pay such dividends at such times (if any) and in such amounts (if any) as the Board may determine. The Company will consider future payments of dividends, subject to sufficient distributable profits being available and will only pay dividends to the extent that doing so is in accordance with all applicable laws. The Directors and Proposed Directors recognise the importance of dividends to investors and will keep under review the desirability of paying dividends.

Option Scheme

The Company has adopted the HeiQ plc Option Scheme.

Under the Option Scheme, awards may be made only to employees and executive directors. The Board will administer the Option Scheme with all decisions relating to awards made to executive directors taken by the Remuneration Committee.

Awards under the plan will be market value options, but participants resident in jurisdictions where local securities laws or other regulations are considered problematic may be awarded cash-based equivalents. Any awards made are not pensionable.

All awards made will be subject to one or more performance conditions at the discretion of the Board. Ordinary Shares received on exercise of any options awarded under the Option Scheme may be required to be held for a period of time before they can be disposed of (other than disposals to satisfy any tax payable on exercise).

The total number of Ordinary Shares which can be issued under the Option Scheme (together with any other employees' share scheme operated by the Company) may not exceed 10 per cent. of the Company's ordinary share capital from time to time.

Details of the awards made under the Option Scheme to Carlo Centonze, Xaver Hangartner and members of management and key personnel (whose names appear in Part V of this Document) are set out in Part XI of this Document. The total number of awards made under the Option Scheme at the date of Readmission will be 6,260,000 (rounded).

The key performance indicators attaching to the awards made under the Option Scheme prior to Readmission relate to targets for sales growth (65 per cent. of the award) and operating margin (35 per cent. of the award) over a period of three years.

Details of Directors and key management

The current Board comprises Malcolm Burne, Nathan Steinberg and Ross Ainger. Upon Completion, each of the Directors will resign and the Board will comprise the following Proposed Directors:

- Carlo Riccardo Centonze, Executive Director
- Xaver Hangartner, Executive Director
- Esther Dale-Kolb, Non-Executive Director
- Benjamin Bergo, Non-Executive Director
- Karen Brade, Non-Executive Director

A biography of each of the Proposed Directors on Readmission, together with information on the management team and key personnel, is set out in Parts III and V of this Document.

Readmission

As the Acquisition constitutes a Reverse Takeover under the Listing Rules, the London Stock Exchange will cancel trading in the Existing Ordinary Shares on the Main Market for listed securities, and the FCA will cancel the listing of the Existing Ordinary Shares on the standard segment of the Official List by 8:00 a.m. on 7 December 2020. Applications will be made for the Existing Ordinary Shares (on a post-consolidated basis) to be readmitted and the New Ordinary Shares to be admitted to the Official List of the FCA by way of a Standard Listing and to trading on the Main Market. Readmission is expected to occur at 8:00 a.m. on 7 December 2020 and in addition to the Document being available on the Company's website at: www.auctusgrowthplc.co.uk, copies of this Document will be available to the public, free of charge, from the Company's registered office until the expiry of one month from the date of Readmission.

If the Acquisition does not complete for any reason, the suspension of the Existing Ordinary Shares will be lifted and trading in the Existing Ordinary Shares will recommence.

General Meeting

You will find at the end of this Document the notice of General Meeting. The General Meeting is to be held at 10:00 a.m. on 4 December 2020 as a closed meeting pursuant to the provisions of the Corporate

Insolvency and Governance Act 2020, for the safety of directors, shareholders and advisers. At the General Meeting, the following Resolutions will be proposed:

- Resolution 1, to consolidate every three Existing Ordinary Shares of £0.10 each into one Ordinary Share of £0.30 each in the capital of the Company;
- Resolution 2, to authorise the Directors to allot and issue the New Ordinary Shares and to exercise any power of the Company to allot Ordinary Shares in the capital of the Company or grant rights to subscribe for or to convert any security into Ordinary Shares up to an aggregate nominal amount of £12,587,935;
- Resolution 3, which will be proposed as a special resolution, to disapply statutory pre-emption rights in respect of (i) the allotment of the Placing Shares, (ii) the allotment of the Subscription Shares and (iii) otherwise up to an aggregate nominal amount of £3,776,760;
- Resolution 4, which will be proposed as a special resolution, to adopt the new articles of association of the Company; and
- Resolution 5, which will be proposed as a special resolution and is subject to the consent of the High Court of Justice of England and Wales, to cancel the share premium account of the Company and credit the Company's retained earnings with the sum arising on cancellation.

Action to be taken

A Form of Proxy is enclosed for use by Existing Shareholders at the General Meeting (**"Form of Proxy"**). Whether or not Existing Shareholders intend to be present at the General Meeting, they are asked to complete, sign and return the Form of Proxy by post or by hand to the Registrar, Computershare Investor Services plc, as soon as possible and in any event not later than 10:00 a.m. on 2 December 2020.

Recommendation

The Board consider that the Resolutions are fair and reasonable and in the best interests of the Existing Shareholders and the Company as a whole. Accordingly, the Directors unanimously recommend Existing Shareholders to vote in favour of the Resolutions to be proposed on a poll at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings which amount, in aggregate, to 332,333 Existing Ordinary Shares, representing approximately 12.45 per cent of the Existing Ordinary Shares.

Further information

Shareholders should read the whole of this Document, which provides additional information on the Company, HeiQ, the Acquisition Agreement, the Placing and the Subscription and should not rely on summaries of, or individual parts only of, this Document.

Yours faithfully

Malcolm Alec Burne
Chairman

PART II

INFORMATION ON THE COMPANY

Background

The Company was incorporated on 14 May 2014 under the Act with an indefinite life and an investment strategy to undertake an acquisition of a target company or business.

The Company is registered under company number 09040064 at 5th Floor 15 Whitehall, London, SW1A 2DD and its principal place of business is 47/48 Piccadilly, London W1J 0DT.

The Company was admitted to listing on the Official List by way of a Standard Listing in accordance with Chapter 14 of the Listing Rules and to trading on the London Stock Exchange's Main Market for listed securities on 22 August 2014. The Company raised gross proceeds of £1,220,000 in conjunction with the Initial IPO and the formation of the Company and a further £114,500 in August 2015 from the issue of shares by private placement.

The Board has reviewed circa 30 opportunities following its admission to trading on 22 August 2014. Whilst a number of these projects had their own merits, the Board believe the Acquisition is the best option for the Company and the Existing Shareholders to meet the criteria outlined in the Company's prospectus dated 19 August 2014.

On 5 June 2020, the Company entered into an exclusivity agreement with HeiQ in respect of the potential acquisition by the Company of the entire issued share capital of HeiQ. The Acquisition Agreement was subsequently entered into between the Company and the HeiQ Shareholders on 12 November 2020. Pursuant to the Acquisition Agreement, the Company has conditionally agreed to acquire the entire issued share capital of HeiQ in exchange for the issue of the Consideration Shares, which will represent 84.80 per cent. of the Enlarged Share Capital. Further terms and reasons for the Acquisition are set out in the Part I – "*Letter from the Chairman of the Company*" of this Document.

Save as set out in this Document, the Company has not entered into any significant transactions or financial commitments.

The Company owns no assets other than cash on bank deposit representing sums subscribed by Existing Shareholders for ordinary shares in the Company.

The Company operates in conformity with its constitutional documents and the principal legislation under which the Company operates is the Act and the regulations made thereunder.

Objectives and strategy

Following Completion, the objective of the Company will be to operate the Enlarged Group and implement the strategy of HeiQ detailed in Part I – "*Letter from the Chairman of the Company*" of this Document, with a view to generating value for its Shareholders through development and growth.

Due diligence

Pursuant to the Acquisition, HeiQ has been subjected to an intensive legal and financial due diligence process, which has included, *inter alia*, a review of the following matters:

- corporate documents;
- shareholders / share capital;
- litigation and disputes;
- property contracts;
- material contracts;
- intellectual property;
- financing;
- insurance;
- employment;
- health and safety;

- environmental; and
- regulatory matters.

Financial information

Audited historical financial information for the financial periods for the three years ended 31 December 2019 and unaudited interim financial information for the six-month period ended 30 June 2020 for the Company, as set out in Part VII of this Document, is incorporated into this Document by reference. Copies of the annual accounts of the Company for the financial periods for the three years ended 31 December 2019 and the report on the unaudited interim financial information for the six-month period ended 30 June 2020 may be found on the Company's website: www.auctusgrowthplc.co.uk.

A summary of the Company Financial Information and the Company Interim Financial Information is set out below:

	Audited Year ended 31 December 2017 £	**Audited Year ended 31 December 2018 £**	**Audited Year ended 31 December 2019 £**	***Unaudited Six months ended 30 June 2019 £***	***Unaudited Six months ended 30 June 2020 £***
Revenue	—	—	—	—	—
Operating loss	(35,861)	(47,708)	(56,518)	*(19,388)*	*(65,285)*
Loss before taxation	(35,861)	(47,708)	(56,518)	*(19,388)*	*(65,285)*
Net assets	960,658	912,950	856,432	*893,562*	*791,147*

Details of the Company's share capital

As at 14 May 2014, the Company had an issued share capital of £3, comprising three fully paid ordinary shares of £1, issued to the Founders.

On 24 July 2014, the Company:

- subdivided the ordinary shares of £1 into 30 ordinary shares of £0.10 each; and
- the Company issued and allotted an additional 499,970 ordinary shares of £0.10 each for a total subscription price of £249,985.

On 22 August 2014, the Company issued and allotted an additional 1,940,000 ordinary shares of £0.10 each for a total subscription price of £970,000, bringing the total issued share capital to £244,000.

On 18 August 2015, the Company issued and allotted an additional 228,999 ordinary shares of £0.10 each for a total subscription price of £114,499.50, bringing the total issued share capital to £266,899.90.

As at the LPD, the Company has 2,668,999 ordinary shares of £0.10 each in the share capital of the Company and the Directors had been notified of the following notable holdings and holdings representing three per cent. of more of the issued share capital of the Company:

Member	**Total Number of Shares**	**Percentage (%)**
Malcolm Burne	283,333	10.62
Nathan Steinberg	49,000	1.84
Richard Lockwood	273,333	10.24
AGAM	227,333	8.41
Michinoko Limited	200,000	7.49
Premier Miton Group plc	180,000	6.74

Details of Directors

As at the date of this Document, the Directors and their respective interests in the Company are as follows:

Director	Date of appointment	Total Number of Shares	Percentage (%)
Malcolm Burne	14 May 2014	283,333	10.62
Nathan Steinberg....................	19 June 2014	49,000	1.84
Ross Ainger	10 January 2020	—	—

The Directors intend to resign upon Readmission.

Employees

Currently the Company has no permanent employees other than the Directors. Following the Acquisition, the Enlarged Group will have approximately 106 employees.

Material Contracts

Summaries of material contracts are set out at Part XI of this Document.

Dividend policy

To the extent the Company intends to pay dividends on the Ordinary Shares, it will pay such dividends at such times (if any) and in such amounts (if any) as the Board may determine. The Company will consider payments of dividends, subject to sufficient distributable profits being available and will only pay dividends to the extent that doing so is in accordance with all applicable laws.

Readmission

Trading in the Existing Ordinary Shares was suspended with effect from 25 September 2020 pending the publication of this Document and completion of the Acquisition.

As the Acquisition constitutes a Reverse Takeover under the Listing Rules, the London Stock Exchange will cancel trading in the Existing Ordinary Shares on the Main Market for listed securities, and the FCA will cancel the listing of the Existing Ordinary Shares on the standard segment of the Official List by 8:00 a.m. on 7 December 2020. Applications will be made for the Existing Ordinary Shares (on a post-consolidated basis) to be readmitted and the New Ordinary Shares to be admitted to the Official List of the FCA by way of a Standard Listing and to trading on the Main Market. Readmission is expected to occur at 8:00 a.m. on 7 December 2020 and in addition to the Document being available on the Company's website at: www.auctusgrowthplc.co.uk, copies of this Document will be available to the public, free of charge, from the Company's registered office until the expiry of one month from the date of Readmission.

If the Acquisition does not complete for any reason, the suspension of the Existing Ordinary Shares will be lifted and trading in the Existing Ordinary Shares will recommence.

PART III

THE DIRECTORS, THE PROPOSED DIRECTORS, THE BOARD AND CORPORATE GOVERNANCE

The Directors and the Proposed Directors

Directors

Malcolm Burne – March 1944

Malcolm started his career in stockbroking as an equity analyst and then later as investment editor of The Financial Times and Telegraph group. He has managed and controlled fund management, venture capital and investment banking companies in Australia, Hong Kong and North America. Malcolm has been a director of over twenty international companies. He was the founder of resources stockbroker, publicly quoted Ambrian Capital plc; the former chairman of Australian Bullion Company and the founder and non-executive chairman of Golden Prospect Precious Metals Limited. Malcolm is currently a director of Golden Prospect Precious Metals Limited and a number of other companies, including J P Jenkins Limited, Second Market Limited, Star Tech NG plc and Exchange Investment Trust plc. He also previously acted as an advisor to Altus Resources Fund, an investment company focused on the natural resources sector.

Nathan Steinberg – November 1953

Nathan, FCA, CF, TEP, is a consultant in the London accountancy practice of Kreston Reeves LLP and has considerable public company experience. He previously served as the finance director of Pan African Resources plc and as the chairman of East West Resources plc. He is an experienced corporate and financial adviser and has recently been elected to the Board of the Institute of Chartered Accountants in England and Wales. In June 2020 he completed his year of office as President of the London Society of Chartered Accountants.

Ross Ainger – August 1977

Ross has worked at AGAM, an FCA authorised and regulated firm for the past thirteen years, and was, until recently, an Executive Director of the firm. Ross has gained extensive financial experience spanning a nineteen-year career. He previously worked at Reuters, Deutsche Bank and Merrill Lynch Investment Managers prior to joining AGAM in 2006. In addition to his role at AGAM, Ross was a Non-Executive Director of an FCA regulated corporate finance firm, a Guernsey domiciled fund and previously sat on the board of a commercial property investment vehicle forming part of an asset management group with circa €5billion under management. Ross has co-managed IPO and RTO transactions on the London markets including the Company's IPO. Ross holds a BA Hons in Business Studies.

The Directors intend to resign upon Readmission.

Proposed Directors

Details of the Proposed Directors, who will be appointed to the Board on Completion, and their backgrounds are as follows:

Carlo Centonze – June 1974, CHE (Co-founder & CEO of HeiQ; Executive Director)

Carlo is a co-founder and current Chief Executive Officer ("**CEO**") of the HeiQ Group. Carlo studied Environmental Sciences and Forest Engineering (MSc) at the Swiss Federal Institute of Technology, ETH Zurich. He earned his Executive MBA at the University of St.Gallen (HSG). After his service as an army pilot, he started his professional career as co-founder of the ETH spin-off, myclimate, a non-profit organisation and prominent provider of carbon offsetting measures. Since 2004, Carlo has served HeiQ as co-founder and CEO, developing the firm from a two employee company to a 90 employee company. He also serves as Chairman of ECSA Group, a 107 year old Swiss chemical and energy distributor with a consolidated turnover of over CHF 300 million for 2018, and is a member of the executive board of scienceindustries, the Swiss association of the pharmaceutical, biotech and chemical industry.

Xaver Hangartner – July 1983, CHE (CFO of HeiQ; Executive Director)

Xaver started his career in finance in 2005 after obtaining a bachelor's degree in Business Administration from the University of St.Gallen (HSG). At the beginning of his professional career, he worked with EY Switzerland as an auditor for industrial clients and graduated as a Swiss Certified Public Accountant in

2009. He later worked in various finance positions and led the global finance and accounting team of a listed Korean speciality chemical producer before joining HeiQ in 2018 as Head of Controlling. He was appointed Group Chief Financial Officer in October 2019.

Esther Dale-Kolb – April 1952, CHE (Non-Executive Director and Chairwoman)

Esther was Chief Executive Officer of Dr. W. Kolb Holding AG ("**Kolb**"), a Swiss speciality chemicals company. From 1991 until 2007 Esther was CEO of the Kolb Group, with over 200 employees, producing in Holland and Switzerland as an internationally operating speciality chemicals company. Esther managed the change from a pioneer driven family company to a process orientated modern business with cooperative management style, contributing to substantial growth in production capacity, revenue and EBIT. She then successfully concluded the trade sale of the Kolb Group to Kuala Lumpur Kepong Berhad, KLK Malaysia and remained on the board for a further 18 months. Before leading Kolb, Esther worked as a product manager in paper chemicals and started her career as a laboratory technician at Dow Chemical. She completed her apprenticeship at the Swiss Federal Institute of Technology, ETH Zurich, and received her Bachelor of Science degree at King's College London. Esther was active as a member of the board of the Swisscross Foundation, a Swiss charitable foundation. Esther is the current Chairwoman of HeiQ.

Benjamin Bergo – August 1977, AUS (Non-Executive Director)

Ben is a non-executive director of HeiQ, having joined the board on 30 June 2014. Ben brings a wealth of experience in high growth technology operations and venture capital. He currently serves as President and CEO of Visus Therapeutics, Inc., an ophthalmic drug development company. He also serves as a non-executive director at Lumos Diagnostics Holdings Pty Ltd, a leading full service provider of point of care diagnostic solutions. Ben previously served as a non-executive director of Planet Innovation Holdings Limited, a healthtech innovation and commercialisation company, and led investments into life sciences transactions at a seed stage venture fund between 2007 and 2011. Prior to this, Ben held management roles at Vision BioSystems, until the sale of Vision Systems Limited to Danaher Corporation in 2006.

Karen Brade – March 1965, IRL (Non-Executive Director)

Karen has over 25 years' experience in international finance. Karen is a specialist in project finance, private equity investing and portfolio management. She has extensive experience in many of the world's emerging markets. She began her career with Citibank, London before moving in 1994 to Commonwealth Development Corporation ("**CDC**"). From 1996 to 1999 she was at CDC's New Delhi office where she held a number of non-executive board positions on CDC portfolio companies. From 2003 to 2004 she led fundraising and investor relations for CDC & Actis in South Asia. Karen has conducted due diligence and structured investments in Asia, West Africa, the Caribbean and Central America. She has been involved in transactions ranging from chemical plants in Thailand to power projects in Pakistan. She has built relationships and sourced co-investment opportunities with private equity investors in similar emerging markets. In 1992, Karen spent a year in former Yugoslavia in an emergency aid role with UNICEF and the World Health Organisation. Karen is a graduate of Trinity College, Dublin. Currently, Karen holds the position of Chairman for Aberdeen Japan Investment Trust Plc and Chairman at Keystone Investment Trust Plc. She is also on the board of and Chairman of the audit committee for Augmentum Fintech PLC. In addition, she is on the board of Moor Park Charitable Trust Ltd and is an external member of the Albion Capital investment committee.

Corporate Governance

Compliance with the Listing Rules

The Company will comply with the Listing Principles set out in Chapter 7 of the Listing Rules at Listing Rule 7.2.1 which apply to all companies with their securities admitted to the Official List.

QCA Corporate Governance Code

The Board is committed to the principles underpinning good corporate governance, applied in a manner which is most suited to the Company, and to best addressing the Board's accountability to security holders and other stakeholders.

The Company proposes to voluntarily observe the requirements of the QCA Corporate Governance Code. It was decided that the QCA Corporate Governance Code was more appropriate for the Company's size and stage of development than the more prescriptive UK Corporate Governance Code. As at the date of Readmission, the Company will comply with the QCA Corporate Governance Code with the exception of, *inter alia*, the expectation that each member of the Remuneration Committee be independent and each independent non-executive director be re-elected on an annual basis. The Company will keep these matters and its governance framework under review as it continues to grow and develop.

Board Committees

Each committee shall be appointed by the Board and comprise the chairman of the committee and at least one other member of the Board.

Generally, only members of the relevant committee shall have the right to attend committee meetings, however, other individuals, such as other directors, advisers, any relevant senior management or a representative of an external auditor may be able to attend such meetings by invitation from said committee. With regards to the remuneration and nomination committees, no-one shall be present during the discussion of or vote on matters regarding his or her own position. The quorum necessary for the transaction of business by each committee shall be two members. The committees shall determine their own procedures, subject to the Articles, and the relevant terms of reference may only be changed with approval of the Board.

Audit Committee

The Audit Committee will comprise Karen Brade, who will act as chair of the Audit Committee and Benjamin Bergo. The Audit Committee will meet at least twice a year and be responsible for ensuring that the Enlarged Group's financial performance is properly monitored, controlled and reported. The committee chair shall attend each annual general meeting of the Company.

The duties of the Audit Committee shall be as follows:

- Internal control and risk assessment – assist the Board in discharging its duty to ensure that the financial statements presented by the Company to its Shareholders conform with all legal requirements and that the Company and its subsidiaries' financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks are adequate, by keeping such matters under review and making appropriate recommendations to the Board. The Audit Committee shall also consider the major findings of internal investigations and responses of service providers and its own performance, constitution and terms of reference.
- External audit – consider and make recommendations to the Board, to be put to Shareholders for approval at each annual general meeting of the Company, as regards the appointment and re-appointment of the Company's external auditor, as well as any questions relating to their resignation or removal. The Audit Committee shall also oversee the relationship with the external auditor, including but not limited to the approval of their remuneration and terms of engagement, whether in relation to audit or non-audit services, and annually assessing the auditor's independence, objectivity, qualifications, expertise, resources and effectiveness. The Audit Committee shall meet the external auditor at least twice a year and shall review the findings of the audit and/or review with the external auditor.
- Financial statements – monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain, and challenging where necessary the Company's financial statements before submission to the Board. The Audit Committee shall keep under review the consistency of accounting policies and practices on a year-to-year basis and across the Company.
- Reporting responsibilities – meet formally with the Board at least once a year to discuss matters such as the annual report and the relationship with the external auditors. The Audit Committee shall also make whatever recommendations to the Board it deems appropriate and shall compile a report to Shareholders to be included in the Company's annual report and accounts.
- Internal audit and review of third-party service providers – the Company does not intend to have an internal audit function immediately following Readmission. The decision of whether or not to set up an internal audit function will be made by the Board, on the recommendation of the Audit Committee, based on the growth of the Company, the scale, diversity and complexity of the Company's activities and the number of employees, as well as cost and benefit considerations, as and when it becomes appropriate.

Remuneration Committee

- The Remuneration Committee will comprise Benjamin Bergo, who will act as chair of the committee, Esther Dale-Kolb and Carlo Centonze. The Remuneration Committee will meet at least annually and the committee chair shall attend each annual general meeting of the Company.

The duties of the Remuneration Committee shall be as follows:

- Regular reviews – to regularly review: the time required from a non-executive director and whether each non-executive director is spending enough time fulfilling his or her duties; comparable company data to ensure that the Board are being adequately remunerated and to a level which will allow the Company to attract new directors; the Remuneration Committee's own performance, constitution and terms of reference and remuneration to ensure it is aligned to the implementation of the Company strategy and effective risk management, taking into account the views of Shareholders and consultants as required.
- Recommendations to the Board – to make recommendations about matters arising from the Remuneration Committee's regular reviews and the annual review of fees paid to the Board and any changes to the current levels of remuneration.
- Option Scheme awards – to make all decisions relating to awards to be made to executive directors under the Option Scheme.
- Other matters – to make a statement in the annual report, to keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates and to ensure an annual review of the Board and its operations is undertaken.

Upon Readmission, the Board will also have a Nomination Committee in place, comprising Esther Dale-Kolb (chair), Benjamin Bergo and Karen Brade. Following Readmission, the Board intend to constitute an Environmental, Occupation, Health and Safety Committee comprising Carlo Centonze (chair), Karen Brade and Esther Dale-Kolb.

PART IV

THE PLACING, SUBSCRIPTION AND USE OF PROCEEDS

Under the Placing and Subscription, 11,789,142 Placing Shares and 6,068,000 Subscription Shares will be subscribed for, and will, conditional on Readmission, be issued to investors, in each case, at the Placing Price of £1.12 per share, raising Gross Placing and Subscription Proceeds of £20,000,000 for the Company. The total associated expenses of the Placing, Acquisition and Readmission are £2,115,000, comprising £1,331,000 of variable Transaction Costs and £784,000 of fixed Transaction Costs. The variable Transaction Costs comprise brokers' commissions on the Gross Placing and Subscription Proceeds and other advisers' success fees. Of the £1,331,000 variable Transaction Costs, £900,000 will be paid in cash from the Gross Placing and Subscription Proceeds and £431,000 via the issue of the Adviser Shares. The fixed Transaction Costs comprise legal and financial due diligence costs and general transaction advice. Of the £784,000 fixed Transaction Costs, £591,000 will be borne by the Company from its existing cash reserves and the balance of £193,000 by HeiQ from its existing cash reserves.

The Net Placing and Subscription Proceeds from the issue will be £19,100,000, being the Gross Placing and Subscription Proceeds of £20,000,000 less the brokers' commissions payable of £900,000. It is anticipated by the Directors and Proposed Directors that the Net Placing and Subscription Proceeds will be used by the Enlarged Group as follows:

Currency: £'000s	**£**
Strengthen regulatory portfolio	3
Direct to consumer marketing & build brand equity	4
Geographical expansion	3
Expand sales channels	2
Upscale HeiQ GrapheneX to pilot production	4.1
Build medical business unit	3
Total	**19.1m**

The Company, Directors, Proposed Directors, AGAM and Cenkos have entered into a Placing Agreement dated 12 November 2020, pursuant to which AGAM and Cenkos have agreed to act as agents for the Company for the purposes of procuring subscribers for the Placing Shares. Further details of this agreement are set out in Part XI of this Document.

In addition, Cenkos have entered into Selling Shareholder Agreements with the Selling Shareholders, pursuant to which Cenkos were constituted agents of the Selling Shareholders, to sell certain Consideration Shares to be received by the Selling Shareholders, in the Placing. The Selling Shareholders have agreed to sell, in aggregate, 35,714,287 Consideration Shares in the Placing at the Placing Price raising £40,000,000 for the Selling Shareholders. The Company will not receive any of the proceeds of the sale of the Consideration Shares in the Placing, which will be paid to the Selling Shareholders, subject to the deduction of the agreed brokers' commissions (4.5 per cent. in aggregate to be shared between AGAM and Cenkos), an administration fee of 0.5 per cent. to be paid to HeiQ and the relevant stamp duty payment.

The Placing has been offered to investors in the United Kingdom by way of Placing Letters. Conditional on, amongst other things, Readmission occurring on or prior to 7 December 2020 (or such later time and/or date as may be agreed between the Company, AGAM and Cenkos, being not later than 31 December 2020), each investor under the Placing has agreed to acquire those Placing Shares and/or any Consideration Shares to be sold by the Selling Shareholders to be allocated to them under their respective Placing Letter.

The Company has entered into Subscription Agreements with a number of Subscribers, including high net worth individuals and other investors, all of whom are qualified investors, in order to widen the shareholder base and increase the number of Ordinary Shares in public hands on Readmission. Pursuant to these agreements, the Company has agreed to issue 6,068,000 Subscription Shares to the Subscribers, for an aggregate subscription price of £6,796,160. The Subscribers have provided the Company with customary undertakings, amongst other things, that they have relied upon publicly available information as the basis of their decision to subscribe, they are entitled to subscribe under applicable legislation and that their commitments are irrevocable. The Company has agreed to pay AGAM and Cenkos an aggregate cash commission of 4.5 per cent. of the aggregate value of the funds raised under the Subscription, to be shared between AGAM and Cenkos. The Subscription is conditional, *inter alia*, upon completion of the Acquisition and Readmission.

In accordance with Listing Rule 14.3, on Readmission at least 25 per cent. of the Ordinary Shares to be readmitted will be in public hands. Readmission is expected to take place at 8:00 a.m. on 7 December 2020.

If the Placing, and therefore the Acquisition, does not complete, the suspension of the Existing Ordinary Shares will be lifted and trading in the Existing Ordinary Shares will recommence. If Readmission does not occur by 31 December 2020, the Placing, Subscription and Acquisition will not proceed and all monies paid will be refunded to the applicants.

Readmission

The Placing is subject to Readmission occurring on or before 7 December 2020 or such later date as may be agreed by the Company, AGAM and Cenkos. The Placing and Readmission are inter-conditional. The Placing is not conditional on the Subscription.

Readmission is expected to take place and dealings in the Existing Ordinary Shares (on a post-consolidated basis) and the New Ordinary Shares are expected to commence on the London Stock Exchange at 8:00 a.m. on 7 December 2020. The Company is not making any arrangements for dealing prior to Readmission.

No application has been made, or is currently intended to be made, for the Ordinary Shares to be admitted to listing or dealt on any other stock exchange.

Where applicable, definitive share certificates in respect of the New Ordinary Shares to be issued pursuant to the Placing and in respect of the Consideration Shares and Subscriber Shares are expected to be despatched, by post at the risk of the recipients, to the relevant holders, not later than seven days following Readmission. The Ordinary Shares are in registered form and can also be held in uncertificated form. Prior to the dispatch of definitive share certificates in respect of any New Ordinary Shares which are held in certificated form, transfers of those New Ordinary Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

Placing and pricing

The Company, conditional on Readmission and Shareholder approval, intends to raise £13,203,840 by the issue of 11,789,142 Placing Shares which will be conditionally placed at the Placing Price by AGAM and Cenkos, on behalf of the Company with institutional and other investors through the Placing.

The Placing Shares will represent approximately 9.36 per cent. of the Enlarged Share Capital. The Placing Shares will rank *pari passu* in all respects with Existing Ordinary Shares, the Consideration Shares, the Subscription Shares and the Adviser Shares, including all rights to dividends and other distributions declared, made or paid following Readmission and will be issued as fully paid.

The Placing has not been and will not be underwritten.

The Placing Price has been set at the same price at which the Consideration Shares are being issued to the HeiQ Shareholders.

No expenses of the Placing will be charged to any investor by the Company.

Further details of the Placing Agreement are set out in Part XI of this Document.

All Placing Shares issued pursuant to the Placing and Consideration Shares to be sold by the Selling Shareholders will be issued or sold at the Placing Price which has been determined by the Directors. The Directors have ensured that a minimum of 25 per cent. of the Enlarged Share Capital has been allocated to investors whose individual and unconnected shareholdings will each equate to less than 5 per cent. of the Enlarged Share Capital, and who do not fall within any of the other excluded categories of investors in Listing Rule 14.2.2 (4).

Conditional upon Readmission occurring and becoming effective by 8:00 a.m. (London time) on or prior to 7 December 2020 (or such later date agreed by the Company, AGAM and Cenkos being not later than 31 December 2020), each of the Placees has agreed to become a member of the Company and to subscribe for those Placing Shares and/or purchase the Consideration Shares to be sold by the Selling Shareholders set out in his Placing Letter. To the fullest extent permitted by law, investors will not be entitled to rescind their agreement. In the event that Readmission does not become effective by 8:00 a.m. London time on or prior to 7 December 2020 (or such later date as the Company, AGAM and Cenkos may agree, being not later than 31 December 2020), Placees will receive a full refund of monies subscribed without interest.

Payment

Each Placee agrees to return signed Placing Letters to Cenkos, whose agent Pershing Nominees Limited will be the CREST counterparty to the Placees in respect of the entire Placing which will be settled on Readmission. Liability (if any) for stamp duty and stamp duty reserve tax is as described in Part X of this Document.

If Readmission does not occur, placing monies will be returned to each Placee, without interest, by the Company.

Transferability

The Articles contain no restrictions on the free transferability of fully paid Ordinary Shares, provided that the transfer is permitted by the uncertificated securities rules or, for shares in certificated form, the transfer is in favour of not more than four transferees, the Company has no lien over the shares in question, the transfer is in respect of only one class of share, it is duly stamped or shown to the Board to be exempt from stamp duty and the provisions in the Articles relating to registration of transfers have been complied with.

Dealing Arrangements

An application will be made to the FCA for all Existing Ordinary Shares (on a post-consolidated basis) and the New Ordinary Shares to be listed on the Official List and an application will be made to the London Stock Exchange for the same to be admitted to trading on the London Stock Exchange's Main Market for listed securities as a Standard Listing.

It is expected that Readmission will take place and unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8:00 a.m. on 7 December 2020. This date and time may change. It is intended that settlement of Placing Shares and/or Consideration Shares to be sold by the Selling Shareholders allocated to Placees and Subscription Shares subscribed by Subscribers will take place by means of crediting relevant CREST stock accounts on Readmission. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned. When readmitted to trading, the Ordinary Shares will be registered with ISIN GB00BN2CJ299 and SEDOL number BN2CJ29.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. Accordingly, settlement of transactions in the Ordinary Shares following Readmission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and investors who wish to receive and retain certificates for their securities will be able to do so. Except as otherwise described herein, the Placees may elect to receive Ordinary Shares in uncertificated form if such Shareholder is a member (as defined in the CREST Regulations) in relation to CREST.

Overseas Shareholders

The Ordinary Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Canada, Australia, Japan or the Republic of South Africa. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, transferred or distributed directly or indirectly, and this Document may not be distributed by any means including electronic transmission within, into, in or from the United States or to or for the account or benefit of persons in the United States, Canada, Australia, Japan, the Republic of South Africa or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction. This Document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act. There will be no public offer in the United States, although the Company may sell the Ordinary Shares in a private placement transaction in the United States pursuant to an exemption from registration.

PART V

INFORMATION ON HEIQ AND INDUSTRY REVIEW

SECTION A: INFORMATION ON HEIQ

Corporate History

HeiQ was founded in 2005 in Switzerland by Carlo Centonze and Dr Murray Height as a materials innovation company which focuses on scientific research, speciality materials manufacturing and consumer ingredient branding. HeiQ is a private limited company incorporated in accordance with the laws of Switzerland, with registered number CHE-112.274.504 and its registered office at Ruetistrasse 12 8952 Schlieren Zürich Switzerland.

HeiQ's headquarters are in Schlieren (Zürich), Switzerland, with subsidiaries in Australia, Taiwan, Switzerland, Portugal, Germany and the USA and a representative branch in Shanghai. HeiQ's manufacturing sites are based in Switzerland, Australia and the USA. HeiQ is the parent of the group and, as at the date of this Document, is owned by the HeiQ Shareholders. Set out in the table and diagram below is details of HeiQ as at the LPD, along with each of its subsidiary undertakings, a description of their activities, the number of equivalent full time employees ("**FTE**") of each and the percentage of each subsidiary held by HeiQ.

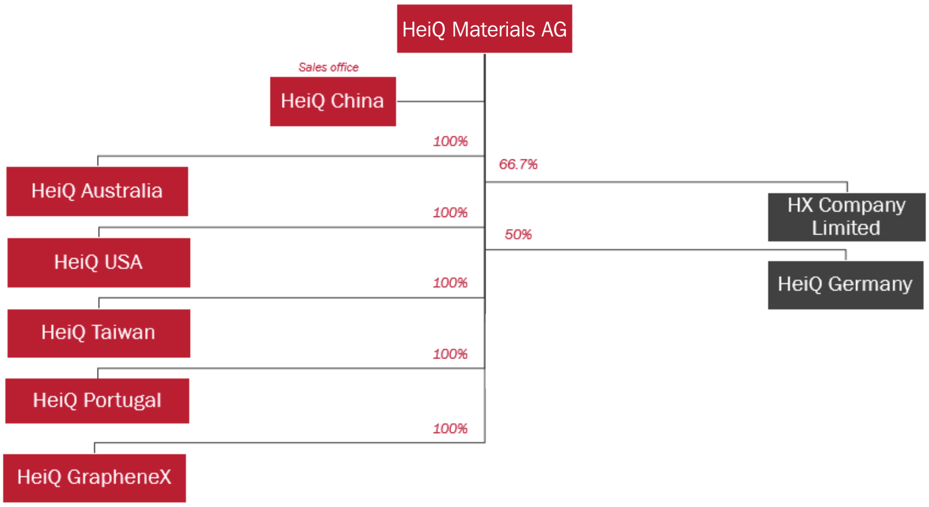
Company	Location	Holding	FTEs	Principal Activities
HeiQ Materials AG ("**HeiQ**")	Schlieren (Zürich), Switzerland (registered office); Bad Zurzach, Switzerland (production site)	Parent	50	R&D, marketing, trading, production, sales/admin office, group services testing lab
HeiQ Materials Company Limited Shanghai Representative Office ("**HeiQ Shanghai**") ***(legal entity to be established)***	Shanghai, People's Republic of China	100% ***(legal entity to be established)***	10	Sales office, testing lab, sourcing office and distribution
HeiQ Pty Ltd ("**HeiQ Australia**")***	Australia	100%	2	R&D and production
HeiQ ChemTex Inc. ("**HeiQ USA**")	Concord, North Carolina, USA (branch in Calhoun, Georgia, USA)	100%	30	R&D, testing lab, trading and production
HeiQ Company Limited ("**HeiQ Taiwan**")	Taiwan	100%	5	Sales office, testing lab and distribution
HeiQ Iberia Unipessoal, LDA ("**HeiQ Portugal**")	Portugal	100%	6	R&D, sales office and testing
HeiQ GrapheneX AG	Switzerland	100%	1	R&D, development and production of HeiQ GrapheneX
HX Company Limited	Taiwan	66.7%*	1	Trading and production
HeiQ-RAS GmbH ("**HeiQ Germany**")	Germany	50%**	0.1	Regulatory Affairs Management for Biocidal Products Regulation

* the remaining 33.3% is held by Xefco Pty Ltd, 3 Grove St, Lilyfield NSW 2040, Australia

** the other 50% is held by RAS AG, An der Irler Höhe 3a D, 93055 Regensburg, Germany

***HeiQ held a 50% interest up until May 2017, when it acquired the remaining 50%. HeiQ Pty Ltd comprised HeiQ Pty Ltd and its wholly owned subsidiary, HeiQ Australia Pty Ltd, until HeiQ Australia Pty Ltd filed for voluntary deregistration on 17 July 2020 as part of a consolidation of the local businesses into a single entity. Subsequently, the business name "HeiQ Australia" was registered on 20 July 2020 by HeiQ Pty Ltd to be used for trading purposes, HeiQ Australia Pty Ltd was deregistered on 24 September 2020 and the entities are now trading as one single entity.

HeiQ legal group structure



HeiQ Group has historically been funded through equity fundraises, third party bank loans, debt finance in relation to recent acquisitions and operational revenues. In addition, it has received government grants in relation to research and development projects. HeiQ Group generated approximately $28,000,000 of revenue in 2019 through its textiles business and its main activities include research and development, laboratory work, production, sales and group management.

The largest shareholder of HeiQ is Carlo Centonze, who holds 8.119% individually and 4.858% in the name of Cortegrande AG, which is a company wholly owned by Carlo Centonze and of which he is the sole director. Four additional individual shareholders hold between 5-10% each of the HeiQ Shares and seven additional shareholders hold between 2-5% each of the HeiQ Shares. The remaining HeiQ Shares are held by shareholders with less than 2%.

As at the LPD, there are 562,183 HeiQ Shares in issue. The holdings of the current HeiQ Directors, their Connected Persons, management and key personnel (whose names appear in Part V of this Document) and the substantial shareholders (being HeiQ Shareholders owning 3% or more of the HeiQ Shares) and their Connected Persons are as follows:

Member	Total Number of Shares	Percentage (%)
Carlo Centonze*	72,954	12.977
Emanuele Centonze	13,567	2.413
Annica Centonze	10,365	1.844
Anna Centonze	1,000	0.178
Emanuele Centonze Jr.	1,000	0.178
Enrico Centonze	385	0.068
Mike Smith	44,956	7.997
Esther Dale-Kolb	9,510	1.692
Dr Werner Kolb (deceased)**	18,520	3.294
Loek de Vries	3,950	0.703
Benjamin Bergo	1,500	0.267
Bombyx Growth Fund SCSp (represented by Loek de Vries on the board)	54,418	9.680
Dr Murray Height	46,662	8.300
Robyn Height	870	0.155
Trevor Height	880	0.157
Kemin Inc. (represented by Chris Nelson on the board)	28,594	5.086
Zurcher Kantonalbank	27,462	4.885
Darren Morcombe***	24,246	4.313
David Bilbro	3,600	0.640

Member	Total Number of Shares	Percentage (%)
Hoi Kwan Lam	3,500	0.623
Xaver Hangartner	2,600	0.462
Tobias Kerner	1,200	0.213
Walter Nassl	1,050	0.187
Celine Huang	300	0.053
Wayne Cate	300	0.053
Total	373,389	66.42

*27,310 shares are registered in the name of Cortegrande AG, which is a company wholly owned by Carlo Centonze, of which he is the sole director.

**The shares are held by the inheritance administrator of Dr Werner Kolb's estate for his four children, including Esther Dale-Kolb, and are to be sold as part of the Consideration Shares being sold by Selling Shareholders pursuant to the Selling Shareholder Agreement.

***Under the current engagement letter that Darren Morcombe has with HeiQ, he will receive Ordinary Shares in the Company equal to 0.2 per cent. of the total number of Existing Ordinary Shares (following Consolidation), Consideration Shares, Placing Shares, Subscriber Shares and Adviser Shares to be subscribed for by AGAM and Cenkos immediately following Completion. This will equate to 251,281 Ordinary Shares in the Company.

Business Overview, Structure and Portfolio Summary

- HeiQ has five wholly owned subsidiaries and the HeiQ board has authorised the inception of a further wholly owned subsidiary in the People's Republic of China (currently HeiQ Shanghai, a sales office with 10 FTE). HeiQ also has two joint venture holdings of 66.7% and 50% being HX Company Limited and HeiQ Germany. HeiQ Shanghai was established in 2019 as a sales representative office and will be transformed into a wholly owned limited company. As a limited company, HeiQ Shanghai will be able to sell to customers directly instead of having to use distributors. All revenues and costs of HeiQ Shanghai are currently accounted for in HeiQ.
- HeiQ USA was formed in order to acquire the Chem-Tex Assets which were purchased on 6 April 2017. Its main activities are carpet polymer, industrial polymer, textile finishes, research and development, laboratory work, production and sales. The legal entity is based in North Carolina and has a branch in Georgia, with manufacturing sites in both locations.
- HeiQ Taiwan was established as a distributor in Taiwan in 2019. HeiQ Taiwan purchases products and inventory from HeiQ in order to sell to local customers. It also supports local mills with testing and technical support.
- HeiQ Australia (which comprised HeiQ Pty Ltd and its wholly owned subsidiary, HeiQ Australia Pty Ltd, until the latter filed for voluntary deregistration on 17 July 2020 as part of a consolidation of the local businesses into a single entity, HeiQ Pty Ltd) was acquired in 2017 (and previously held as a controlled 50% joint venture). The business name "HeiQ Australia" was registered on 20 July 2020 by HeiQ Pty Ltd to be used for trading purposes. HeiQ Australia Pty Ltd was deregistered on 24 September 2020 and the entities are now trading as one single entity. Its principal activities comprise research and development cooperation with a local university and small scale production of the unique short polymer fibre process. HeiQ Australia receives research and development grants, both directly and indirectly through its cooperation with the local university, and limited third-party revenue is generated.
- HeiQ GrapheneX AG was established in 2019 and has not yet commenced operations. Its main activities will be to develop the product HeiQ GrapheneX, with third-party technology partners. It is currently financing 1 external research and development FTE located at the University of Life Sciences FHNW, Muttenz, Switzerland.
- HeiQ Portugal was established on 10 September 2020 and serves as a sales office, research centre, testing centre and regional warehouse. It is currently located in Maia, Portugal.
- HX Company Limited was established in 2019. Its main activities include the production and marketing of the HeiQ XReflex product developed by Xefco Pty Ltd, the joint venture partner.
- HeiQ Germany is a 50% subsidiary established in 2019 as part of a joint venture with chemical group RAS AG, with a view to cooperating in relation to the approval of nanosilver as a biocide worldwide.

- HeiQ further entered into a joint venture agreement on 21 October 2020 with Cosapa Cocinas Coin SL, with a view to establishing HeiQ Medica S.L., a joint venture in Spain, in which HeiQ will hold a 50.01% shareholding. Its main activities will include development, manufacturing and distribution of surgical masks.
- HeiQ is currently negotiating the establishment of joint venture, HeiQ-Anabio, a testing provider for antimicrobial and antiviral tests, as well as future functional consumer goods commercial activities in India, in which HeiQ will hold a 50.01% shareholding. HeiQ is currently financing 1 FTE.

HeiQ additionally operates from warehouses managed by third parties in China, Germany, Hong Kong, Italy, Portugal and the USA. Furthermore, it has a network of distributors worldwide, including in Mexico, Guatemala, Honduras, Bangladesh, China, Vietnam, India, Indonesia, Japan, Pakistan, Singapore, Malaysia, South Korea, Sri Lanka, Thailand, Russia, Mauritius, Morocco, United Arab Emirates and Turkey.

Key Products

HeiQ's key established products ranges are HeiQ Smart Temp, HeiQ Pure, HeiQ Fresh and HeiQ Eco Dry.

HeiQ Smart Temp

HeiQ Smart Temp is a textile technology that provides fabrics with the ability to interact with body temperature and adjust its cooling efficacy accordingly. HeiQ Smart Temp was first launched in 2011 and the product range generated revenue of $5,200,000 in FY19 (FY18: $5,080,000; FY17: $5,830,000).

HeiQ Pure

HeiQ Pure is a family of sustainable and highly effective antimicrobial odour management technologies that can be tailored for the intended performance and end use of an article. HeiQ Pure was launched in 2008 and the product range generated revenue of $2,320,000 in FY19 (FY18: $2,010,000; FY17: $1,660,000).

HeiQ Fresh

HeiQ Fresh is a family of sustainable, non-antimicrobial and highly effective volatile organic compound ('**VOC**") management technologies that can be tailored for the intended performance and end use of an article. HeiQ Fresh was launched in 2017 and the product range generated revenue of $1,550,000 in FY19 (FY18: $30,000).

HeiQ Eco Dry

HeiQ Eco Dry is a family of eco-friendly, non-fluorinated water repellent textile technologies which provide protection against water and water-based stains for textiles and leather. HeiQ Eco Dry was first launched in 2010 and product range generated revenue of $560,000 in FY19 (FY18: $540,000; FY17: $500,000).

Emerging Products

HeiQ's leading core technology is currently HeiQ Viroblock, which is an intelligent Swiss textile technology that is added to fabric during the final stage of the textile manufacturing process. HeiQ Viroblock is currently experiencing rapid product revenue growth in the global fight against COVID-19 and the increased demand for pioneering antiviral textile technologies. HeiQ Viroblock, which is protected by a patent pending application, has proven effective against SARS-CoV-2, the COVID-19 causing virus and is suitable for multiple fibre types, from medical nonwovens (e.g. face masks) to fabrics for public transport, clothing and home textiles. HeiQ Viroblock can also be used on washable fabrics with its antiviral and antibacterial properties remaining efficient through up to 30 washes at 60°C (140°F). HeiQ Viroblock generated revenue of approximately $10,500,000 in HY1 2020.

Trends

Costs of raw materials have largely remained unchanged over the past 12 months, whereas transportation costs spiked in Q2 2020 and remained high in Q3 2020. Selling prices have remained stable but less demand in the market will result in lower price points moving forward insofar as global inventories of goods remain high, which typically increases pressure on selling prices. HeiQ increased its inventories in Q2 2020 to avoid high transportation costs and potential supply issues. The HeiQ Directors believe increased inventories will allow HeiQ to meet demand in 2020 and Q1 2021. Sales of HeiQ products have remained above average, with Q2 and Q3 2020 being two of HeiQ's strongest quarters year-on-year.

Key Services

The five key services HeiQ provides to its customers, predominantly free of charge, are:

Marketing and ingredient branding services

HeiQ provides branding and marketing services to help customers communicate the added value of HeiQ's innovative textile technologies to consumers.

Testing services

HeiQ offers the following test methods on customer textiles:

- repellency performance test methods;
- evaporation / wicking / drop test methods;
- odour control test methods;
- friction test methods;
- antimicrobial test methods; and
- ultraviolet protection factor test methods.

Regulatory affairs services

HeiQ's regulatory affairs professionals provide regulatory advice with regard to product testing and registration requirements.

Technical support services

HeiQ's technical experts advise on the following:

- implementation of HeiQ technologies and products;
- process development (on-site or in HeiQ's laboratories) for new articles or effects;
- process optimisation (existing production);
- troubleshooting; and
- on-site support by HeiQ's network of technical experts.

Product development services

HeiQ's product development service is designed to help companies identify, target and manufacture novel applications with HeiQ additives.

Customer Base

HeiQ's customers are predominately intimate brands, apparel brands, home fashion brands and sportswear brands. The key customer types are as follows:

- casual apparel brands;
- cycling apparel brands;
- fashion apparel brands;
- home fashion brands;
- carpet textile brands;
- intimate & hosiery brands;
- outdoor apparel brands;
- sportswear brands;
- workwear brands; and
- nonwoven brands.

A selection of HeiQ's customers are displayed below:

HeiQ supports its brand partners by helping them to communicate the benefits of HeiQ technologies to consumers in an effective way. Several types of marketing channels and materials are used to educate consumers about HeiQ's technologies, including:

- hangtags;
- HeiQ's social media channels;
- HeiQ's technology websites;
- in-store banners;
- information videos;
- press releases;
- product packaging;
- sew-in labels; and
- stickers.

Regulatory environment

HeiQ recognises that the regulatory environment in which it operates is location and product driven. The main regulatory requirements applicable to HeiQ's business, which will therefore be applicable to the Enlarged Group, are:

- obtaining relevant chemical manufacturing operations permissions from local authorities in order to conduct certain activities;
- obtaining relevant production emission permissions from local authorities if any;
- obtaining regulatory permissions from country authorities in order to place critical components and products on the market, such as permissions for medical devices under the US Food and Drug Administration (FDA) regulations or EU Medical Device Regulation (MDR), or permissions for biocides as regulated by the US Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), the US Environmental Protection Agency (EPA), the EU Biocidal Products Regulation (BPR) and the European Chemicals Agency (ECHA);
- obtaining import permissions and customs clearances from country authorities per product, by completing registrations with chemical registries for example, under the EU Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation, the US Toxic Substances Control Act (TSCA) and with the Japanese Ministry of International Trade and Industry (MITI).

These four requirements are constantly subject to change and such changes have the ability to materially impact HeiQ's business unless it adapts its processes, permits or products as required. The Proposed

Directors believe that HeiQ's investment in compliance services assists with ensuring it stays ahead of such changes.

Management and Key Personnel

In addition to Carlo Centonze and Xaver Hangartner, whose biographies are set out in Part III of this Document, HeiQ's management and key personnel comprises:

Dr Murray Height – Co-founder, Group Chief Science Officer and Chief Executive Officer, HeiQ Australia

Murray completed his undergraduate studies in chemical engineering at the University of Newcastle, Australia. He was awarded a Fulbright scholarship to pursue graduate studies at the Massachusetts Institute of Technology (MIT) where he earned his Ph.D. He later accepted a post-doctoral research position at the Swiss Federal Institute of Technology, ETH Zurich. Since 2005, Murray has served as HeiQ's Chief Science Officer, developing the product pallet from one product to over 100.

Hoi Kwan Lam – Group Chief Marketing Officer

Hoi Kwan has extensive marketing experience in consumer branding, retail, market research, advertising, trade marketing and ingredient branding. During her studies at City University of Hong Kong, where she majored in marketing, Hoi Kwan started conducting marketing consultancy projects with World Wild Fund for Nature (WWF), as well as international FMCG companies such as Reckitt Benckiser and Otsuka Pharmaceuticals. She then started working for brands of Procter & Gamble in branding, advertising and consumer research. Hoi Kwan joined HeiQ in 2016 as Global Brand Manager after earning her master's degree in marketing at the University of St.Gallen (HSG) and was appointed Group Chief Marketing Officer in February 2019.

Lee Howarth – Group Chief Sales Officer

Lee has extensive multifunctional management experience through international assignments across Europe and Asia. He has over 30 years' experience in the textile industry and has held leadership roles in global business management, sales, operations, technical and marketing. Lee started his career in 1998 with Ciba Specialty Chemicals UK in the technical department, followed by various roles in commercial and business development and overseas assignments in Germany and the US, before moving on to global product management in Basel, Switzerland. He later took on a lead role as Global Marketing Head for Apparel, leading several multifunctional teams in the innovation process for various product groups. Lee was appointed Marketing and Sales Director for Beyond Surface Technologies in 2008, prior to re-joining Huntsman at their global headquarters in Singapore in 2012 as Global Marketing Manager Textile Effects. He holds a Bachelor of Science degree in Applied Chemistry from Manchester Metropolitan University. Lee was appointed Group Chief Sales Officer in October 2020.

Walter Nassl – Group Chief Technology Officer

Walter studied textiles technology at the Staatliche Textilfachschule in Münchberg, Germany, before joining Chemische Fabrik Pfersee, Augsburg in 1984, starting in application technology. Over the years, he has worked in various positions in marketing, sales and research and development in the textile and chemical industries, with extensive international exposure. Before joining HeiQ as Chief Technology Officer in July 2017, he held the position of Director – Technology and Project Management at Huntsman (former Ciba Specialty Chemicals), and was responsible for the strategic implementation of new developments, including new product market launches.

Celine Huang – Chief Executive Officer, HeiQ Greater China

Celine has a background as a general manager for DyStar Greater China, a large player in the same industry, and brings a total of over 20 years' solid testing lab, agent and country strategies management expertise with excellent relationship skills with customers, distributors, dealers and end users. She has a chemical engineering degree in dyeing and finishing from Donghua University, Shanghai. Celine holds an Australian passport and has worked in both Australia and China in senior management positions. Celine leads HeiQ's Greater China business (HeiQ Shanghai and HeiQ Taiwan).

David Bilbro – General Manager and Chief Technology Officer, HeiQ USA (NC)

David received a Bachelor of Science Chemistry Degree from the University of North Carolina – Charlotte in 1977. He was Research and Development Manager for a speciality chemical hosiery manufacturer from 1977 to 1981 and has since had a 39-year tenure with Chem-Tex, in various capacities from quality control, research, technical liaison to manufacturing, field technical service and technical sales. Since the acquisition of the Chem-Tex Assets on 6 April 2017 by HeiQ USA, his primary responsibilities are research and development, polymer auxiliary sales and Chief Technology Manager for the US headquarters – Concord, North Carolina.

Wayne Cate – General Manager and Chief Operating Officer, HeiQ USA (GA)

Wayne received his Bachelor of Science degree in Chemistry. He started his career with Milliken & Co. and has worked in the production of garment weight fabric, upholstery, and carpet. Over the years, he has work for Burlington Ind., Galey & Lord, and Mohawk Carpets. Before joining Chem-Tex, he was with Gulistan Carpets in the role of VP of Carpet Operations.

Tobias Kerner – Chief Operating Officer, HeiQ Materials AG, Switzerland

Tobias studied Biology at the University of Zürich and had a first interaction with HeiQ during a collaboration for a research project in 2006. He permanently joined the ranks of HeiQ in 2007 as Production Specialist, supporting the scale-up of the manufacturing plants in Switzerland. Over his 14 years with HeiQ, Tobias has served in various positions: Production Specialist, Supply Chain, Purchasing, Process Scale-up Coordinator, Director of Production and Deputy COO. Since the start-up times of HeiQ, he has been involved in all HeiQ development steps and has gained international experience in the textile and chemical industries. He was appointed COO Switzerland in 2020.

PART VI

SECTION (A) – OPERATING AND FINANCIAL REVIEW OF THE COMPANY

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from the Company's audited financial information for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 and the unaudited interim financial information for the six months ended 30 June 2020, incorporated by reference in Part VII "Financial Information of the Company" of this Document, prepared in accordance with IFRS.

The following discussion should be read in conjunction with the other information in this Document and the historical financial information of the Company available at www.auctusgrowthplc.co.uk. *This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward-looking statements contained on page 24 of this Document.*

The key risks and uncertainties include but are not limited to those described in the section of this Document entitled "Risk Factors" on pages 13 to 20 of this Document.

Summary income statements

Summarised below are the audited income statements of the Company for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019, together with the unaudited income statement for the six months ended 30 June 2020:

	Audited **Year ended 31 December 2017 £**	***Audited*** **Year ended 31 December 2018 £**	***Audited*** **Year ended 31 December 2019 £**	***Unaudited*** **Six months ended 30 June 2020 £**
Other operating expenses	(35,861)	(47,708)	(56,518)	(65,285)
Operating loss	**(35,861)**	**(47,708)**	**(56,518)**	**(65,285)**
Finance income	—	—	—	—
Loss before tax	**(35,861)**	**(47,708)**	**(56,518)**	**(65,285)**
Income tax expense	—	—	—	—
Loss for the year/period	**(35,861)**	**(47,708)**	**(56,518)**	**(65,285)**

Source: Audited financial statements and unaudited interim financial information

Summary statements of financial position

Summarised below are the audited statements of financial position of the Company as at 31 December 2017, 31 December 2018 and 31 December 2019, together with the unaudited statement of financial position as at 30 June 2020:

	Audited **As at 31 December 2017 £**	*Audited* **As at 31 December 2018 £**	*Audited* **As at 31 December 2019 £**	*Unaudited* **As at 30 June 2020 £**
Trade and other receivables	6,904	10,188	14,636	24,755
Cash and cash equivalents	971,581	920,262	859,296	779,909
Total current assets	**978,485**	**930,450**	**873,932**	**804,664**
Share capital	266,900	266,900	266,900	266,900
Share premium account	994,271	994,271	994,271	994,271
Retained earnings	(300,513)	(348,221)	(404,739)	(470,024)
Equity	**960,658**	**912,950**	**856,432**	**791,147**
Trade and other payables	17,827	17,500	17,500	13,517
Current liabilities	**17,827**	**17,500**	**17,500**	**13,517**
Total equity and liabilities	**978,485**	**930,450**	**873,932**	**804,664**

Source: Audited financial statements and unaudited interim financial information

Summary cash flow statements

Summarised below are the audited cash flow statements of the Company for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019, together with the unaudited cash flow statement for the six months ended 30 June 2020:

	Audited **Year ended 31 December 2017 £**	***Audited*** **Year ended 31 December 2018 £**	***Audited*** **Year ended 31 December 2019 £**	***Unaudited*** **Six months ended 30 June 2020 £**
Loss before tax	(35,861)	(47,708)	(56,518)	(65,285)
Working capital adjustments:				
Increase in trade and other receivables	(1,074)	(3,284)	(4,448)	(10,119)
Increase/(decrease) in trade and other payables	2,174	(327)	—	(3,983)
Cash outflows from operating activities	**(34,761)**	**(51,319)**	**(60,966)**	**(79,387)**
Decrease in cash and cash equivalents during the year/period	**(34,761)**	**(51,319)**	**(60,966)**	**(79,387)**
Cash brought forward	1,006,342	971,581	920,262	859,296
Cash carried forward	**971,581**	**920,262**	**859,296**	**779,909**

Source: Audited financial statements and unaudited interim financial information

Results for the year ended 31 December 2017

Trading results

During the year ended 31 December 2017, the Company reported an operating loss of £35,861, comprising £10,000 of audit fees, £7,591 of listing fees, £7,500 of accountancy fees, £6,605 of company secretarial and registrar fees, £3,788 of insurance costs, £263 of non-audit fees and £114 of bank charges. Retained losses carried forward as at 31 December 2017 were £300,513.

Cash flows, financing and capital reserves

No equity or additional sources of financing were issued or received during the year ended 31 December 2017. Cash outflows during the year comprised £34,761 of administrative expenses, resulting in the Company having cash reserves of £971,581 as at 31 December 2017.

Assets

As at 31 December 2017, the Company's only assets comprised cash, prepaid expenses and VAT recoverable. During the year, prepayments increased by £526 to £4,185 and VAT recoverable by £548 to £2,719, resulting in an aggregate increase to trade and other receivables of £1,074 to £6,904. Together with a cash and cash equivalents balance of £971,581, total assets as at 31 December 2017 were £978,485.

Liabilities

As at 31 December 2017, the Company's only liabilities comprised accrued expenses. During the year, accrued expenses, and therefore total liabilities, increased by £2,174 to £17,827.

Net assets

As at 31 December 2017, the Company had cash reserves of £971,581, trade and other receivables of £6,904 and trade and other payables of £17,827, resulting in net assets of £960,658.

Results for the year ended 31 December 2018

Trading results

During the year ended 31 December 2018, the Company reported an operating loss of £47,708, comprising £14,904 of professional fees, £10,000 of audit fees, £8,519 of listing fees, £5,378 of company secretarial and registrar fees, £5,000 of accountancy fees, £3,294 of insurance costs, £500 of non-audit fees and £113 of bank charges. Retained losses carried forward as at 31 December 2018 were £348,221.

Cash flows, financing and capital reserves

No equity or additional sources of financing were issued or received during the year ended 31 December 2018. Cash outflows during the year comprised £51,319 of administrative expenses, resulting in the Company having cash reserves of £920,262 as at 31 December 2018.

Assets

As at 31 December 2018, the Company's only assets comprised cash, prepaid expenses and VAT recoverable. During the year, prepayments increased by £5,799 to £9,984 whilst VAT recoverable decreased by £2,515 to £204, resulting in an aggregate increase to trade and other receivables during the year of £3,284 to £10,188. Together with a cash and cash equivalents balance of £920,262, total assets as at 31 December 2018 were £930,450.

Liabilities

As at 31 December 2018, the Company's only liabilities comprised accrued expenses. During the year, accrued expenses, and total liabilities, decreased by £327 to £17,500.

Net assets

As at 31 December 2018, the Company had cash reserves of £920,262, trade and other receivables of £10,188 and trade and other payables of £17,500, resulting in net assets of £912,950.

Results for the year ended 31 December 2019

Trading results

During the year ended 31 December 2019, the Company reported an operating loss of £56,518, comprising £23,775 of professional fees, £10,000 of audit fees, £7,120 of listing fees, £5,786 of company secretarial and registrar fees, £5,000 of accountancy fees, £4,429 of insurance costs, £276 of non-audit fees and £132 of bank charges. Retained losses carried forward as at 31 December 2019 were £404,739.

Cash flows, financing and capital reserves

No equity or additional sources of financing were issued or received during the year ended 31 December 2019. Cash outflows during the year comprised £60,966 of administrative expenses, resulting in the Company having cash reserves of £859,296 as at 31 December 2019.

Assets

As at 31 December 2019, the Company's only assets comprised cash, prepaid expenses and VAT recoverable. During the year, prepayments increased by £1,236 to £11,220 and VAT recoverable by £3,212 to £3,416, resulting in an aggregate increase to trade and other receivables during the year of £4,448 to £14,636. Together with a cash and cash equivalents balance of £859,296, total assets as at 31 December 2019 were £873,932.

Liabilities

As at 31 December 2019, the Company's only liabilities comprised accrued expenses. During the year, there was no change to accrued expenses, resulting in year-end liability of £17,500.

Net assets

As at 31 December 2019, the Company had cash reserves of £859,296, trade and other receivables of £14,636 and trade and other payables of £17,500, resulting in net assets of £856,432.

Results for the six months ended 30 June 2020

Trading results

During the six-month period ended 30 June 2020, the Company reported an operating loss of £65,285, comprising £32,029 of professional fees, £10,000 of Directors' fees, £6,600 of listing fees, £6,464 of company secretarial and registrar fees, £5,030 of audit fees, £2,350 of accountancy fees, £2,769 of insurance costs and £43 of bank charges. Retained losses carried forward as at 30 June 2020 were £470,024.

Cash flows, financing and capital reserves

No equity or additional sources of financing were issued or received during the six-month period ended 30 June 2020. Cash outflows during the period comprised £79,387 of administrative expenses, resulting in the Company having cash reserves of £779,909 as at 30 June 2020.

Assets

As at 30 June 2020, the Company's only assets comprised cash, prepaid expenses and VAT recoverable. During the period, prepayments increased by £4,565 to £15,785 and VAT recoverable by £5,554 to £8,970, resulting in an aggregate increase to trade and other receivables during the year of £10,119 to £24,755. Together with a cash and cash equivalents balance of £779,909, total assets as at 30 June 2020 were £804,664.

Liabilities

As at 30 June 2020, the Company's only liabilities comprised accrued expenses. During the period, accrued expenses, and total liabilities, decreased by £3,983 to £13,517.

Net assets

As at 30 June 2020, the Company had cash reserves of £779,909, trade and other receivables of £24,775 and trade and other payables of £13,517, resulting in net assets of £791,147.

Liquidity and Capital Resources

Overview

The Company's source of liquidity has historically been cash generated from the issue of ordinary shares. The Company does not have any borrowings.

The Directors monitor the Company's working capital to ensure that cash levels remain adequate to operate the business. In addition to working capital management, the Directors have a disciplined approach to allocating capital resources by managing the Company's fixed overhead cost base.

Cash flows

The audited cash flows of the Company for each of the years ended 31 December 2017, 31 December 2018 and 31 December 2019, together with the unaudited cash flows for the six months ended 30 June 2020, are set out in the paragraph *"Summary cash flow statements"* of this Section (A) *"Operating and Financial Review of the Company"* of Part VI of the Document.

No equity or additional sources of financing were issued or received during the years ended 31 December 2017, 31 December 2018 and 31 December 2019 or the six months ended 30 June 2020. Cash outflows during the year ended 31 December 2017 comprised £34,761 of administrative expenses, resulting in the Company having cash reserves of £971,581 as at the year end. Cash outflows during the year ended 31 December 2018 comprised £51,319 of administrative expenses, resulting in the Company having cash reserves of £920,262 as at the year end. Cash outflows during the year ended 31 December 2019 comprised £60,966 of administrative expenses, resulting in the Company having cash reserves of £859,296 as at the year end. Cash outflows during the period ended 30 June 2020 comprised £79,387 of administrative expenses, resulting in the Company having cash reserves of £779,909 as at the period end.

Capital resources

During each of the years ended 31 December 2017, 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020, the Company did not have any borrowings. No borrowings have been entered into subsequent to 30 June 2020.

As at the LPD, the Company had cash resources of £651,150.87.

SECTION (B) – OPERATING AND FINANCIAL REVIEW OF HEIQ GROUP

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from the HeiQ Group Financial Information included in Section (B) "Historical Financial Information of HeiQ Group" and from the HeiQ Group Interim Financial Information included in Section (C) "Unaudited Interim Financial Information of HeiQ Group" of Part VIII "Financial Information of HeiQ Group" of this Document, prepared in accordance with IFRS.

The following discussion should be read in conjunction with the other information in this Document. This discussion contains forward-looking statements, which, although based on assumptions that the Directors and Proposed Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward looking statements contained on page 24 of this Document.

The key risks and uncertainties include but are not limited to those described in the section of this Document entitled "Risk Factors" on pages 13 to 20 of this Document.

Summary income statements

Summarised below are the audited, consolidated income statements of HeiQ Group for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019, together with the unaudited, consolidated income statement for the six-month period ended 30 June 2020:

	Audited **Year ended 31 December 2017 $'000**	***Audited*** **Year ended 31 December 2018 $'000**	***Audited*** **Year ended 31 December 2019 $'000**	***Unaudited*** **Six months ended 30 June 2020 $'000**
Revenue	21,116	26,209	27,954	30,129
Cost of sales	(11,892)	(14,990)	(14,382)	(12,842)
Gross profit	**9,224**	**11,219**	**13,572**	**17,287**
Other operating income	986	1,358	1,585	898
Selling and administrative expenses	(9,037)	(10,738)	(12,048)	(7,151)
Other operating expenses	(99)	(802)	(1,687)	(182)
Operating profit	**1,074**	**1,037**	**1,422**	**10,852**
Other income	32	27	24	—
Other expenses	(37)	(41)	—	(11)
Finance income	43	27	8	(9)
Finance costs	(409)	(639)	(428)	(232)
Share of profits of associates	—	2	3	—
Profit before tax	**703**	**413**	**1,029**	**10,600**
Taxation	29	(387)	(314)	(2,010)
Profit after tax	**732**	**26**	**715**	**8,590**
Other comprehensive income:				
Foreign exchange difference on translation of foreign companies	468	15	53	622
Actuarial losses from defined benefit pension plans	(11)	(91)	(205)	—
Total comprehensive income	**1,189**	**(50)**	**563**	**9,212**
Profit after tax attributable to:				
HeiQ Group	*732*	*26*	*726*	*8,602*
Non-controlling interests	—	—	*(11)*	*(12)*
	732	***26***	***715***	***8,590***
Comprehensive income attributable to:				
HeiQ Group	*1,189*	*(50)*	*574*	*9,224*
Non-controlling interests	—	—	*(11)*	*(12)*
	1,189	***(50)***	***563***	***9,212***

Source: Audited financial statements and unaudited interim financial information

Summary statements of financial position

Summarised below are the audited, consolidated statements of financial position of HeiQ Group as at 31 December 2017, 31 December 2018 and 31 December 2019, together with the unaudited, consolidated statement of financial position as at 30 June 2020:

	Audited As at 31 December 2017 $'000	*Audited* As at 31 December 2018 $'000	*Audited* As at 31 December 2019 $'000	*Unaudited* As at 30 June 2020 $'000
Intangible assets	3,982	4,542	4,522	4,521
Property and equipment	4,504	4,211	3,884	3,835
Right-of-use assets	3,359	3,108	2,714	2,516
Investments	23	26	44	44
Deferred tax assets	471	415	380	411
Other non-current assets	49	61	73	90
Non-current assets	**12,388**	**12,363**	**11,617**	**11,417**
Inventories	2,868	3,898	3,202	7,779
Trade receivables	5,404	6,561	9,175	17,215
Other receivables and prepayments	4,816	926	342	1,268
Cash and cash equivalents	1,675	2,163	3,603	3,643
Current assets	**14,763**	**13,548**	**16,322**	**29,905**
Total assets	**27,151**	**25,911**	**27,939**	**41,322**
Share capital	2,664	2,664	2,696	2,741
Capital reserve	24,810	24,921	25,168	25,726
Other reserve	(1,016)	(1,107)	(1,312)	(1,312)
Currency translation reserve	399	414	467	1,089
Retained deficit	(14,454)	(14,428)	(13,702)	(5,100)
Non-controlling interest	—	—	23	11
Equity	**12,403**	**12,464**	**13,340**	**23,155**
Leases	3,033	2,777	2,445	2,296
Deferred tax liabilities	149	216	216	216
Other non-current liabilities	4,698	3,748	2,780	2,199
Non-current liabilities	**7,880**	**6,741**	**5,441**	**4,711**
Trade and other payables	1,119	1,677	1,931	2,417
Accrued liabilities	1,342	1,528	3,113	5,498
Deferred revenue	950	350	50	25
Borrowings	1,539	1,522	2,478	3,337
Leases	353	385	339	297
Other current liabilities	1,565	1,244	1,247	1,882
Current liabilities	**6,868**	**6,706**	**9,158**	**13,456**
Total liabilities	**14,748**	**13,447**	**14,599**	**18,167**
Total equity and liabilities	**27,151**	**25,911**	**27,939**	**41,322**

Source: Audited financial statements and unaudited interim financial information

Summary cash flow statements

Summarised below are the audited, consolidated cash flow statements of HeiQ Group for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019, together with the unaudited, consolidated cash flow statement for the six-month period ended 30 June 2020:

Cash from operating activities	***Audited*** **Year ended 31 December 2017 $'000**	***Audited*** **Year ended 31 December 2018 $'000**	***Audited*** **Year ended 31 December 2019 $'000**	***Unaudited*** **Six months ended 30 June 2020 $'000**
Profit before tax	703	413	1,029	10,600
Cash flow from operations reconciliation: ...				
Depreciation and amortisation	1,123	1,288	1,267	609
Loss on disposal of assets...........................	10	9	2	11
Finance costs	409	639	428	232
Finance income...	(43)	(27)	(8)	9
Non-cash equity compensation	175	413	428	604
Share of profit of associates.........................	—	(2)	(3)	—
Foreign exchange differences.......................	355	508	(40)	169
Working capital adjustments:				
Decrease/(increase) in inventories................	98	(1,031)	696	(8,983)
Increase in trade and other receivables.........	(2,646)	(1,382)	(2,044)	(4,577)
Increase/(decrease) in trade and other payables	2,166	(318)	1,412	1,444
Cash generated from operations...............	**2,350**	**510**	**3,167**	**118**
Taxes paid..	(134)	(133)	(178)	—
Net cash generated from operating activities	**2,216**	**377**	**2,989**	**118**
Cash flow from investing activities.............				
Acquisition of businesses.............................	(1,064)	(1,627)	(1,290)	(294)
Purchase of property and equipment	(2,940)	(593)	(370)	(279)
Proceeds from the disposal of property and equipment	3	10	4	7
Development of intangible assets	(82)	(723)	(118)	(44)
Investment in associate company.................	—	—	(15)	—
Finance income...	43	27	8	(9)
Net cash used in investing activities..........	**(4,040)**	**(2,906)**	**(1,781)**	**(619)**
Cash flows from financing activities				
Finance expense	(246)	(393)	(182)	(110)
Repayment of leases....................................	(292)	(377)	(386)	(191)
Proceeds from equity issuance, net..............	—	4,105	—	—
Proceeds from/(repayment of) borrowings ...	1,539	—	929	792
Dividends paid...	—	(302)	(149)	—
Net cash from financing activities	**1,001**	**3,033**	**212**	**491**
(Decrease)/increase in cash and cash equivalents during the year/period...........	**(823)**	**504**	**1,420**	**(10)**
Cash brought forward..................................	2,382	1,675	2,163	3,603
Effects of exchange rate changes on the balance of cash held in foreign currencies ...	116	(16)	20	50
Cash carried forward................................	**1,675**	**2,163**	**3,603**	**3,643**

Source: Audited financial statements and unaudited interim financial information

Results for the year ended 31 December 2017

Trading results

During the year ended 31 December 2017, HeiQ Group reported revenues of $21,116,000 and associated cost of sales of $11,892,000, generating a gross profit of $9,224,000 and a gross profit margin of 43.7%.

During the year, HeiQ Group recorded $21,116,000 of consolidated revenue, of which $20,988,000 was derived from sales of its core chemicals products, together with additional revenue of $128,000 from third-party sources. Geographically, revenues were generated in the following locations:

	Audited Year ended 31 December 2017 $'000	
North & South America	12,542	*59.4%*
Asia	5,908	*28.0%*
Europe	2,608	*12.3%*
Others	58	*0.3%*
Revenue	**21,116**	***100.0%***

Cost of sales of $11,892,000 were incurred during the year, comprising the following:

	Audited Year ended 31 December 2017 $'000
Material expenses	9,538
Personnel expenses	1,076
Freight and custom costs	799
Depreciation or property and equipment	305
Warehousing costs	65
Change in inventory	(139)
Other costs of goods	248
Cost of sales	**11,892**

Other operating income of $986,000 during the year comprised $13,000 from foreign exchange gains and $973,000 from other income.

Selling and administrative expenses of $9,037,000 were incurred during the year, comprising the following:

	Audited Year ended 31 December 2017 $'000
Personnel expenses	5,215
Commissions	319
Travel and entertainment	661
Professional fees	434
Research & development expenses	426
Depreciation of property and equipment	325
Depreciation right-of-use assets	315
Marketing expenses	285
Infrastructure expenses	234
Amortisation of intangible assets	178
Insurance expenses	177
Repairs and maintenance	126
Audit expense	12
Other	330
Selling and general administration expense	**9,037**

In addition to the selling and administrative expenses, other operating expenses of $99,000 were incurred during the year. Following the above, HeiQ Group reported an operating profit of $1,074,000 and an operating profit margin of 5.1%.

During the year, HeiQ Group earned other income of $32,000 and incurred other expenses of $37,000. Finance income of $43,000 was offset by finance costs of $409,000. Following the above, HeiQ Group reported a profit before tax of $704,000.

A tax credit of $29,000 produced a HeiQ Group blended corporation tax rate of (4.1)%, following which, profit after tax was $732,000. Of this amount, all of the $732,000 profit after tax for the year was attributable to HeiQ Shareholders.

Other comprehensive income included a foreign exchange gain on the translation of foreign companies of $468,000 and a $11,000 actuarial loss on the value of HeiQ's defined benefit pension plan. The aggregate other comprehensive gain of $457,000 increased the profit after tax of $732,000 up to total comprehensive income of $1,189,000 for the year ended 31 December 2017. Of this amount, all of the $1,189,000 total comprehensive income for the year was attributable to HeiQ Shareholders.

Following the above profit for the year, the retained deficit carried forward as at 31 December 2017 was $14,454,000.

Cash flows, financing and capital reserves

During the year ended 31 December 2017, HeiQ Group reported a net cash outflow of $823,000 from all sources, resulting in a closing cash balance of $1,675,000 as at 31 December 2017.

The principal source of cash inflow was HeiQ Group's operating cash flows, comprising cash inflows from sales and other income, offset by cash outflows from cost of sales, selling and administrative expenses and other expenses. Key cash inflows from operating activities were $2,220,000 for the year.

During the year, HeiQ Group reported a net cash outflow from investing activities of $4,040,000. $2,940,000 was used to purchase new property and equipment, $1,064,000 was used to acquire subsidiaries and $82,000 was incurred on the development of intangible assets. These cash outflows were offset by cash inflows of $43,000 from finance income and $3,000 from the proceeds of the disposal of property and equipment.

During the year, HeiQ Group reported a net cash inflow from financing activities of $1,001,000. Net funds from increased borrowings were $1,539,000 during the year, offset by cash outflows of $246,000 in relation to finance expenses and $292,000 on the repayment of leases.

During the year, HeiQ Group benefitted from an exchange rate gain of $116,000 on the balance of cash held in foreign currencies.

Non-current assets

As at 31 December 2017, HeiQ Group's non-current assets comprised intangible assets of $3,982,000, property, plant and equipment ($4,504,000), right-of-use assets ($3,359,000), deferred tax assets of $471,000, investments of $23,000 and other non-current assets of $49,000. In aggregate, HeiQ Group's non-current assets had a carrying value of $12,388,000 at the year end.

HeiQ Group's intangible assets comprise goodwill acquired through business combinations, trademarks and patents, internally developed assets and other intangible assets. Brought forward intangible assets as at 1 January 2017 had a carrying value of $322,000. On 6 April 2017, HeiQ USA acquired the Chem-Tex Assets for fair value consideration of $6,401,000. Of this amount, $3,738,000 comprised intangible assets, of which the HeiQ Directors allocated $3,393,000 to goodwill, $295,000 to the company name and $50,000 to Chem-Tex's trademarks. No intangible assets were acquired on the purchase of HeiQ Pty Limited on 19 May 2017. Also during the year, HeiQ Group incurred $82,000 on the development of internal trademarks and patents. Following a non-cash amortisation charge of $178,000 and a $90,000 currency translation adjustment, the carrying value of HeiQ Group's intangible assets was $3,982,000 as at 31 December 2017.

HeiQ Group's property and equipment comprises machinery and equipment, motor vehicles, computers and software and furniture and fixtures. Brought forward property and equipment as at 1 January 2017 had a carrying value of $646,000. During the year, HeiQ Group purchased $2,338,000 of machinery and equipment, $611,000 of computers and software and $8,000 of furniture and fixtures. In addition, on 6 April 2017, HeiQ USA acquired the Chem-Tex Assets for fair value consideration of $6,401,000. Of this amount, $1,468,000 comprised plant and equipment, of which the HeiQ Directors allocated $1,149,000 to machinery and equipment, $234,000 to motor vehicles and $85,000 to furniture and fittings. No plant and equipment was acquired on the purchase of HeiQ Pty Limited on 19 May 2017. Assets with a net book value of $16,000 were disposed of during the year. Following a non-cash depreciation charge of $630,000 and a net currency translation difference of $70,000, the carrying value of HeiQ Group's property and equipment was $4,504,000 as at 31 December 2017.

HeiQ Group's rights-of-use assets comprise land and building, motor vehicles and office equipment. Brought forward rights-of-use assets as at 1 January 2017 had a carrying value of $962,000. During the year, HeiQ USA acquired the Chem-Tex Assets and the remaining issued share capital of HeiQ Pty Limited not already owned. The HeiQ Directors allocated $2,085,000 to rights-of-use assets, comprising $2,077,000 land and buildings and $8,000 to office equipment. Additional rights of use assets of $627,000 in total, $559,000 of land and buildings and $68,000 of motor vehicles were acquired in 2017. Following a non-cash depreciation charge of $315,000, the carrying value of HeiQ Group's rights-of-use assets was $3,359,000 as at 31 December 2017.

As at 31 December 2017, HeiQ held investments in one associate company, being a 49% shareholding in Microbe Investigations AG. The carrying value in the associate was $23,000.

Deferred tax assets of $471,000 as at 31 December 2017 comprised the temporary timing differences between the carrying value of certain of HeiQ Group's assets and liabilities for tax purposes and their respective carrying amounts in HeiQ Group's statement of financial position. The assets and liabilities in question being HeiQ Group's pension fund obligations, deferred revenue and its pension fund expense. As at 31 December 2017, the deferred tax assets comprised $254,000 with respect to HeiQ Group's pension fund obligations, $190,000 in respect of its deferred revenue and $27,000 in respect of its pension fund expense.

Other non-current assets of $49,000 as at 31 December 2017 comprised deposits of $46,000 and amounts due from third parties of $3,000.

Current assets

As at 31 December 2017, HeiQ Group's current assets comprised inventory of $2,868,000, trade receivables of $5,404,000, other receivables and prepayments of $4,816,000 and cash and cash equivalents of $1,675,000. In aggregate, HeiQ Group's current assets had a carrying value of $14,763,000 at the year end.

HeiQ Group's inventories comprised stocks of raw materials of $1,198,000, finished goods of $962,000, semi-finished goods of $694,000 and other inventories of $13,000.

Within HeiQ Group's trade receivables balance of $5,404,000, is a provision for doubtful debts of $262,000.

Other receivables and prepayments of $4,816,000 comprised unpaid share capital of $4,105,000 and prepayments and other receivables of $711,000.

Total assets

As at 31 December 2017, HeiQ Group had $12,388,000 of non-current assets and $14,763,000 of current assets, resulting in total assets of $27,151,000 at the year end.

Equity

As at 31 December 2017, HeiQ Group's equity comprised share capital of $2,664,000, capital reserve of $24,810,000, other reserve of $(1,016,000), a currency translation reserve of $399,000 and a retained deficit of $(14,454,000). In aggregate, HeiQ Group's equity had a carrying value of $12,403,000 at the year end.

The share capital balance of $2,664,000 comprises the aggregate nominal value of the issued share capital of HeiQ. During the year, 87,622 shares were issued in aggregate, of which 46,512 shares were issued on 22 December 2017 via a placing to raise $4,105,000 in cash, 36,000 shares were issued as part of the acquisition consideration of the Chem-Tex Assets and 5,110 shares were issued to employees in respect of contractual bonuses for a total consideration of $175,000. As at 31 December 2017, the $4,105,000 cash from the placing had yet to be received and the balance was recorded within other receivables as set out above.

The capital reserve balance of $24,810,000 comprises the difference between the aggregate prices of issued shares of HeiQ and their aggregate nominal value. The carrying value of the capital reserve account increased by $4,915,000 during the year as a result of the various share issues set out above.

The other reserve of $(1,016,000) represents the aggregate of actuarial gains and losses arising on the year end valuations of HeiQ's defined benefit pension scheme. The movement of $11,000 during the year represents the reported actuarial loss included within *"other comprehensive income"*.

The currency translation reserve of $399,000 relates to the differences arising at each year end on the translation of HeiQ's subsidiaries from their respective local currencies to HeiQ's reporting currency, being the $. The movement of $468,000 during the year represents the reported profit on translation of foreign operations included within *"other comprehensive income"*.

The retained deficit of $(14,454,000) is the aggregate value of all retained profits and losses of HeiQ Group since incorporation. The movement of $732,000 reflects the reported profit after tax for the year.

Non-current liabilities

As at 31 December 2017, HeiQ Group's non-current liabilities comprised leases of $3,033,000, deferred tax liabilities of $149,000 and other non-current liabilities of $4,698,000. In aggregate, HeiQ Group's non-current liabilities had a carrying value of $7,880,000 at the year end.

Deferred tax liabilities of $149,000 as at 31 December 2017 comprised the temporary timing differences between the carrying value of HeiQ Group's property and equipment and rights-of-use assets for tax purposes and their respective carrying amounts on HeiQ Group's statement of financial position.

Other non-current liabilities of $4,698,000 comprised $2,896,000 of non-current payables in relation to the acquisition of the Chem-Tex Assets on 6 April 2017, $1,460,000 in relation to HeiQ's defined benefit obligations and $342,000 of other non-current liabilities.

Current liabilities

As at 31 December 2017, HeiQ Group's current liabilities comprised trade and other payables of $1,119,000, accrued liabilities of $1,342,000, borrowings of $1,539,000, deferred revenue of $950,000, leases of $353,000 and other current liabilities of $1,565,000. In aggregate, HeiQ Group's current liabilities had a carrying value of $6,868,000 at the year end.

Accrued liabilities of $1,342,000 represents the provision for materials and services used but not yet invoiced.

Borrowings of $1,539,000 comprised HeiQ Group's short-term revolving credit facility, which incurred interest at Libor plus a margin of 0.8%.

Deferred revenue of $950,000 arose from HeiQ Group's contractual arrangements with its customers, whereby sales were invoiced in advance of the service being rendered. In accordance with IFRS, revenue associated with the advance sales is deferred onto the statement of financial position and only recognised in the income statement when the service is actually rendered.

The amount of $353,000 in relation to HeiQ Group's leases is the amount due within one year on the leases set out above within *"non-current liabilities"*.

Other current liabilities of $1,565,000 comprised the current payables in relation to the acquisition of the Chem-Tex Assets on 6 April 2017.

Total liabilities

As at 31 December 2017, HeiQ Group had $7,880,000 of non-current liabilities and $6,867,000 of current liabilities, resulting in total liabilities of $14,748,000 at the year end.

Net assets

As at 31 December 2017, HeiQ Group had total assets of $27,151,000 and total liabilities of $14,748,000, resulting in net assets of $12,403,000.

Results for the year ended 31 December 2018

Trading results

During the year ended 31 December 2018, HeiQ Group reported revenues of $26,209,000 (2017: $21,116,000) and associated cost of sales of $14,990,000 (2017: $11,892,000), generating a gross profit of $11,219,000 (2017: $9,224,000) and a gross profit margin of 42.8% (2017: 43.7%).

When compared to the prior year, HeiQ Group reported increased revenues of $5,093,000, or 24.1%. Of the consolidated revenue of $26,209,000 (2017: $21,116,000), $25,559,000 (2017: $20,988,000) was derived from sales of HeiQ Group's core chemicals products, together with additional revenue of $650,000 (2017: $128,000) from third-party sources. Geographically, revenues were generated in the following locations:

	Audited **Year ended 31 December 2017 $'000**	*Audited* **Year ended 31 December 2018 $'000**	*Increase/ (decrease) during the year*
North & South America	*12,542*	**16,958**	*35.2%*
Asia	*5,908*	**5,830**	*(1.3)%*
Europe	*2,608*	**2,821**	*8.2%*
Others	*58*	**600**	*934.5%*
Revenue	***21,116***	**26,209**	***24.1%***

Cost of sales of $14,990,000 (2017: $11,892,000) were incurred during the year, comprising the following:

	Year ended 31 December 2017 $'000	**Year ended 31 December 2018 $'000**	*Increase/ (decrease) during the year*
Material expenses	*9,538*	**13,851**	*45.2%*
Personnel expenses	*1,076*	**1,066**	*(0.9)%*
Freight and custom costs	*799*	**906**	*13.4%*
Depreciation or property and equipment	*305*	**401**	*31.5%*
Warehousing costs	*65*	**154**	*136.9%*
Change in inventory	*(139)*	**(1,933)**	*1,290.6%*
Other costs of goods	*248*	**545**	*119.4%*
Cost of sales	***11,892***	**14,990**	***26.1%***

With respect to the gross profit margin of 42.8%, this is comparable to the 43.7% gross profit margin reported in the prior year.

Other operating income of $1,358,000 (2017: $986,000) comprised $862,000 (2017: $13,000) from foreign exchange gains and $772,000 (2017: $973,000) from other income.

Selling and administrative expenses of $10,738,000 (2017: $9,037,000) were incurred during the year, comprising the following:

	Year ended 31 December 2017 $'000	**Year ended 31 December 2018 $'000**	*Increase/ (decrease) during the year*
Personnel expenses	*5,215*	**6,171**	*18.3%*
Commissions	*319*	**636**	*99.4%*
Travel and entertainment	*661*	**729**	*10.3%*
Research & development expenses	*426*	**570**	*33.8%*
Professional fees	*434*	**431**	*(0.7)%*
Infrastructure expenses	*234*	**405**	*73.1%*
Depreciation right-of-use assets	*315*	**403**	*27.9%*
Depreciation of property and equipment	*325*	**342**	*5.2%*
Insurance expenses	*177*	**326**	*84.2%*
Amortisation of intangible assets	*178*	**145**	*(18.5)%*
Marketing expenses	*285*	**144**	*(49.5)%*
Repairs and maintenance	*126*	**142**	*12.7%*
Audit expense	*12*	**47**	*291.7%*
Other	*330*	**247**	*(24.2)%*
Selling and general administration expense	***9,037***	**10,738**	***18.8%***

In addition to the selling and administrative expenses, other operating expenses of $802,000 (2017: $99,000) were incurred during the year. Following the above, HeiQ Group reported an operating profit of $1,037,000 (2017: $1,074,000) and an operating profit margin of 4.0% (2017: 5.1%).

During the year, HeiQ Group earned other income of $27,000 (2017: $32,000), incurred other expenses of $41,000 (2017: $37,000). Finance income of $27,000 (2017: $43,000) was offset by finance costs of $639,000 (2017: $409,000). During the year, HeiQ Group's share of profits from its associates was $2,000 (2017: $nil). Following the above, HeiQ Group reported a profit before tax of $413,000 (2017: $704,000).

Income tax on the $413,000 (2017: $704,000) profit before tax was $387,000 (2017: credit of $29,000) at HeiQ Group's blended corporation tax rate of 93.7% (2017: (4.1)%), following which, profit after tax was

$26,000 (2017: $732,000). Of this amount, all of the $26,000 (2017: $732,000) profit after tax for the year was attributable to HeiQ Shareholders.

Other comprehensive income included a foreign exchange gain on the translation of foreign companies of $15,000 (2017: $468,000) and a $91,000 (2017: $11,000) actuarial loss on the value of HeiQ's defined benefit pension plan. The net other comprehensive loss of $76,000 (2017: income of $457,000) reduced the profit after tax of $26,000 (2017: $732,000) down to total comprehensive loss of $519,000 (2017: income of $1,189,000) for the year ended 31 December 2018. Of this amount, all of the $51,000 total comprehensive loss (2017: income of $1,189,000) for the year was attributable to HeiQ Shareholders.

Following the above profit for the year of $26,000 (2017: $732,000), the retained deficit carried forward as at 31 December 2018 was $14,428,000 (2017: $14,454,000).

Cash flows, financing and capital reserves

During the year ended 31 December 2018, HeiQ Group reported a net cash inflow of $504,000 (2017: outflow of $823,000) from all sources, resulting in a closing cash balance of $2,163,000 (2017: $1,675,000) as at 31 December 2018.

The principal source of cash inflow for HeiQ Group during the year was derived from its financing activities, from which HeiQ Group reported a net cash inflow of $3,033,000 (2017: $1,001,000). Funds from the issue of equity in the prior year but received in the current year were $4,105,000 (2017: $nil), offset by cash outflows of $393,000 (2017: $246,000) in relation to finance expenses, $377,000 (2017: $292,000) on the repayment of leases and dividends paid of $302,000 (2017: $nil).

In addition to the above cash inflows from its financing activities, HeiQ Group reported net cash inflows from operating cash flows of $377,000 (2017: $2,216,000) during the year. These cash flows comprised cash inflows from sales and other income, offset by cash outflows from cost of sales, selling and administrative expenses and other expenses.

During the year, HeiQ Group reported a net cash outflow from investing activities of $2,906,000 (2017: $4,040,000). $1,627,000 (2017: $1,064,000) was used to acquire subsidiaries, $593,000 (2017: $2,940,000) was used to purchase new property and equipment and $723,000 (2017: $82,000) was incurred on the development of intangible assets. These cash outflows were offset by cash inflows of $27,000 (2017: $43,000) from finance income and by cash inflows of $10,000 (2017: $3,000) by proceeds from the disposal of property and equipment.

During the year, HeiQ Group suffered an exchange rate loss of $16,000 (2017: gain of $115,000) on the balance of cash held in foreign currencies.

Non-current assets

As at 31 December 2018, HeiQ Group's non-current assets comprised intangible assets of $4,542,000 (2017: $3,982,000), property and equipment of $4,211,000 (2017: $4,504,000), right-of-use assets of $3,108,000 (2017: $3,359,000), investments of $26,000 (2017: $23,000), deferred tax assets of $415,000 (2017: $471,000) and other non-current assets of $766,000 (2017: $1,000,000). In aggregate, HeiQ Group's non-current assets had a carrying value of $12,363,000 (2017: $12,388,000) at the year end.

HeiQ Group's intangible assets comprise goodwill acquired through business combinations, trademarks and patents, internally developed assets and other intangible assets. Brought forward intangible assets as at 1 January 2018 had a carrying value of $3,982,000. During the year, HeiQ Group expensed $634,000 on internally developed assets and a further $89,000 on trademarks and patents. Following a non-cash amortisation charge of $145,000 (2017: $178,000), the carrying value of HeiQ Group's intangible assets was $4,542,000 as at 31 December 2018 (2017: $3,982,000).

HeiQ Group's property and equipment comprises machinery and equipment, motor vehicles, computers and software and furniture and fixtures. Brought forward property and equipment as at 1 January 2018 had a carrying value of $4,504,000. During the year, HeiQ Group purchased an aggregate $593,000 of plant and equipment, of which $505,000 was in relation to machinery and equipment, $80,000 to motor vehicles, $5,000 to computers and software and $3,000 to furniture and fixtures. These additions were offset by the disposal of plant and equipment during the year with a net book value of $10,000. Following a non-cash depreciation charge of $743,000 (2017: $630,000), the carrying value of HeiQ Group's property and equipment was $4,211,000 as at 31 December 2018 (2017: $4,504,000).

HeiQ Group's rights-of-use assets comprise land and building, motor vehicles and office equipment. Brought forward rights-of-use assets as at 1 January 2017 had a carrying value of $3,359,000. During the year, HeiQ

Group added $152,000 of land and buildings through acquisitions. Following a non-cash depreciation charge of $403,000 (2017: $315,000), the carrying value of HeiQ Group's rights-of-use assets was $3,108,000 as at 31 December 2018 (2017: $3,359,000).

As at 31 December 2018, HeiQ held investments in one associate company, again being a 49% shareholding in Microbe Investigations AG. The carrying value in the associate was $26,000 (2017: $23,000).

Deferred tax assets of $415,000 as at 31 December 2018 (2017: $471,000) comprised the temporary timing differences between the carrying value of certain of HeiQ Group's assets and liabilities for tax purposes and their respective carrying amounts in HeiQ Group's statement of financial position. The assets and liabilities in question being HeiQ Group's pension fund obligations, deferred revenue and its pension fund expense. As at 31 December 2018, the deferred tax assets comprised $277,000 (2017: $254,000) with respect to HeiQ Group's pension fund obligations, $70,000 (2017: $190,000) in respect of its deferred revenue and $68,000 (2017: $27,000) in respect of its pension fund expense.

Other non-current assets of $61,000 as at 31 December 2018 (2017: $49,000) comprised deposits of $49,000 (2017: $46,000) and amounts due from third parties of $12,000 (2017: $3,000).

Current assets

As at 31 December 2018, HeiQ Group's current assets comprised inventories of $3,898,000 (2017: $2,868,000), trade receivables of $6,561,000 (2017: $5,404,000), other receivables and prepayments of $926,000 (2017: $4,816,000) and cash and cash equivalents of $2,163,000 (2017: $1,675,000). In aggregate, HeiQ Group's current assets had a carrying value of $13,548,000 (2017: $14,763,000) at the year end.

HeiQ Group's inventories comprised stocks of raw materials with a carrying value of $1,281,000 (2017: $1,198,000), finished goods with a carrying value of $1,447,000 (2017: $962,000), semi-finished goods with a carrying value of $1,157,000 (2017: $694,000) and other inventories with a carrying value of $13,000 (2017: $13,000).

Within HeiQ Group's trade receivables balance of $6,561,000 (2017: $5,404,000), is a provision for doubtful debts of $72,000 (2017: $262,000).

As at 31 December 2018, other receivables and prepayments were $924,000 (2017: $711,000). The brought forward unpaid share capital balance of $4,105,000 was received in cash during the year.

Total assets

As at 31 December 2018, HeiQ Group had $12,363,000 (2017: $12,388,000) of non-current assets and $13,548,000 (2017: $14,763,000) of current assets, resulting in total assets of $25,911,000 (2017: $27,151,000) at the year end.

Equity

As at 31 December 2018, HeiQ Group's equity comprised share capital of $2,664,000 (2017: $2,664,000), capital reserve of $24,921,000 (2017: $24,810,000), other reserve of $(1,107,000) (2017: $(1,016,000)), a currency translation reserve of $414,000 (2017: $399,000) and a retained deficit of $(14,428,000) (2017: $(14,454,000)). In aggregate, HeiQ Group's equity had a carrying value of $12,464,000 at the year end (2017: $12,403,000).

The share capital balance of $2,644,000 (2017: $2,664,000) comprises the aggregate nominal value of the issued share capital of HeiQ. No shares were issued during the year.

The capital reserve of $24,921,000 (2017: $24,810,000) comprises the difference between the aggregate prices of issued shares of HeiQ and their aggregate nominal value. The movement of $111,000 during the year was the net effect of the issue of $413,000 (2017: $149,000) of share-based payments to employees, less the dividends declared of $302,000 (2017: $nil), credited against share premium.

The other reserve of $(1,107,000) (2017: $(1,016,000)) represents the aggregate of actuarial gains and losses arising on the year end valuations of HeiQ's defined benefit pension scheme. The movement of $91,000 (2017: $11,000) during the year represents the reported actuarial loss included within *"other comprehensive income"*.

The currency translation reserve of $414,000 (2017: $399,000) relates to the differences arising at each year end on the translation of HeiQ's subsidiaries from their respective local currencies to HeiQ's reporting currency, being the $. The movement during the year of $15,000 (2017: $468,000) represents the reported profit on translation of foreign operations included within *"other comprehensive income"*.

The retained deficit of $14,428,000 (2017: $(14,454,000)) is the aggregate value of all retained profits and losses of HeiQ Group since incorporation. The movement of $26,000 (2017: $732,000) reflects the reported profit after tax for the year.

Non-current liabilities

As at 31 December 2018, HeiQ Group's non-current liabilities comprised leases of $2,777,000 (2017: $3,033,000), deferred tax liabilities of $216,000 (2017: $149,000) and other non-current liabilities of $3,748,000 (2017: $4,698,000). In aggregate, HeiQ Group's non-current liabilities had a carrying value of $6,741,000 at the year end (2017: $7,880,000).

Deferred tax liabilities of $216,000 as at 31 December 2018 (2017: $149,000) comprised the temporary timing differences between the carrying value of HeiQ Group's property and equipment and rights-of-use assets for tax purposes and their respective carrying amounts on HeiQ Group's statement of financial position.

Other non-current liabilities of $3,748,000 (2017: $4,698,000) comprised $1,858,000 (2017: $2,896,000) of non-current payables in relation to the acquisition of the Chem-Tex Assets on 6 April 2017, $1,758,000 (2017: $1,460,000) in relation to HeiQ's defined benefit obligations and $132,000 (2017: $342,000) of other non-current liabilities.

Current liabilities

As at 31 December 2018, HeiQ Group's current liabilities comprised trade and other payables of $1,677,000 (2017: $1,119,000), accrued liabilities of $1,528,000 (2017: $1,342,000), borrowings of $1,522,000 (2017: $1,539,000), leases of $385,000 (2017: $353,000), deferred revenue of $350,000 (2017: $950,000), deferred tax liabilities of $197,000 (2017: $149,000) and other current liabilities of $1,244,000 (2017: $1,566,000). In aggregate, HeiQ Group's current liabilities had a carrying value of $6,706,000 at the year end (2017: $6,868,000).

Accrued liabilities of $1,528,000 (2017: $1,342,000) represents the provision for materials and services used but not yet invoiced.

Borrowings of $1,522,000 (2017: $1,539,000) comprised the HeiQ Group's short-term revolving credit facility which incurred interest at Libor plus a margin of 0.8%.

The amount of $385,000 (2017: $353,000) in relation to HeiQ Group's leases is the amount due within one year on the leases set out above within *"non-current liabilities"*.

Deferred revenue of $350,000 (2017: $950,000) arose from HeiQ Group's contractual arrangements with its customers, whereby sales were invoiced in advance of the service being rendered. In accordance with IFRS, revenue associated with the advance sales is deferred onto the statement of financial position and only recognised in the income statement when the service is actually rendered.

Other current liabilities of $1,244,000 (2017: $1,565,000) comprised the deferred consideration payable in relation to the acquisition of the Chem-Tex Assets on 6 April 2017.

Total liabilities

As at 31 December 2018, HeiQ Group had $6,741,000 (2017: $7,880,000) of non-current liabilities and $6,706,000 (2017: $6,868,000) of current liabilities, resulting in total liabilities of $13,447,000 (2017: $14,748,000) at the year end.

Net assets

As at 31 December 2018, HeiQ Group had total assets of $25,911,000 (2017: $27,151,000) and total liabilities of $13,447,000 (2017: $14,748,000), resulting in net assets of $12,464,000 (2017: $12,403,000).

Results for the year ended 31 December 2019

Trading results

During the year ended 31 December 2019, HeiQ Group reported revenues of $27,954,000 (2018: $26,209,000) and associated cost of sales of $14,382,000 (2018: $14,990,000), generating a gross profit of $13,572,000 (2018: $11,219,000) and a gross profit margin of 48.6% (2018: 42.8%).

When compared to the prior year, HeiQ Group reported increased revenues of $1,745,000 (2018: $5,093,000), or 6.7% (2018: 24.1%). Of the consolidated revenue of $27,954,000 (2018: $26,209,000), $27,526,000 (2018: $25,559,000) was derived from sales of HeiQ Group's core chemicals products, $42,000 (2017: $nil) from HeiQ Group's functional materials products and additional revenue of $386,000 (2018: $650,000) from third-party sources. Geographically, revenues were generated in the following locations:

	Audited Year ended 31 December 2018 $'000	**Audited Year ended 31 December 2019 $'000**	*Increase/ (decrease) during the year*
North & South America	*16,958*	**17,218**	*1.5%*
Asia	*5,830*	**7,098**	*21.7%*
Europe	*2,821*	**3,513**	*24.5%*
Others	*600*	**125**	*(79.2)%*
Revenue	***26,209***	**27,954**	***6.7%***

Cost of sales of $14,382,000 (2018: $14,990,000) were incurred during the year, comprising the following:

	Audited Year ended 31 December 2018 $'000	**Audited Year ended 31 December 2019 $'000**	*Increase/ (decrease) during the year*
Material expenses	*13,851*	**12,275**	*(11.4)%*
Personnel expenses	*1,066*	**1,285**	*0.3%*
Freight and custom costs	*906*	**850**	*(6.2)%*
Depreciation of plant and equipment	*401*	**395**	*(1.5)%*
Warehousing costs	*154*	**327**	*112.3%*
Change in inventory	*(1,933)*	**(1,259)**	*34.9%*
Other costs of goods	*545*	**509**	*(6.4)%*
Cost of sales	***14,990***	**14,382**	***(4.1)%***

HeiQ Group reported a gross profit margin of 48.6% for the year ended 31 December 2019 (2018: 42.8%).

Other operating income of $1,585,000 (2018: $1,358,000) comprised $1,401,000 (2018: $862,000) from foreign exchange gains and $182,000 (2018: $772,000) from other income.

Selling and administrative expenses of $12,048,000 (2018: $10,738,000) were incurred during the year, comprising the following:

	Year ended 31 December 2018 $'000	**Year ended 31 December 2019 $'000**	*Increase/ (decrease) during the year*
Personnel expenses	*6,171*	**6,783**	*9.9%*
Commissions	*636*	**1,117**	*75.6%*
Travel and entertainment	*729*	**939**	*28.8%*
Infrastructure expenses	*405*	**576**	*42.2%*
Depreciation right-of-use assets	*403*	**404**	*0.2%*
Research & development expenses	*570*	**373**	*(34.6)%*
Professional fees	*431*	**364**	*(15.5)%*
Depreciation of property and equipment	*342*	**317**	*(7.3)%*
Insurance expenses	*326*	**247**	*11.3%*
Marketing expenses	*144*	**212**	*47.2%*
Amortisation of intangible assets	*145*	**149**	*2.8%*
Repairs and maintenance	*142*	**148**	*4.2%*
Audit expense	*47*	**(9)**	*(119.1)%*
Other	*247*	**428**	*70.8%*
Selling and general administration expense	***10,738***	**12,048**	***12.2%***

In addition to the selling and administrative expenses, other operating expenses of $1,687,000 (2018: $802,000) were incurred during the year. Following the above, HeiQ Group reported an operating profit of $1,422,000 (2018: $1,037,000) and an operating profit margin of 5.1% (2018: 4.0%).

During the year, HeiQ Group earned other income of $24,000 (2018: $27,000) and incurred other expenses of $nil (2018: $41,000). Finance income of $8,000 (2018: $27,000) was offset by finance costs of $428,000 (2018: $639,000). During the year, HeiQ Group's share of profits from its associates was $3,000 (2018: $2,000). Following the above, HeiQ Group reported a profit before tax of $1,029,000 (2018: $413,000).

Income tax on the $1,029,000 (2018: $413,000) profit before tax was $314,000 (2018: $387,000) at HeiQ Group's blended corporation tax rate of 30.5% (2018: 93.7%), following which, profit after tax was $715,000 (2018: $26,000). Of this amount, $726,000 (2018: $26,000) of the profit after tax for the year was attributable to HeiQ Shareholders and an $11,000 loss (2018: $nil) was attributable to non-controlling interests of HeiQ Group's group companies.

Other comprehensive income included a foreign exchange gain on the translation of foreign companies of $53,000 (2018: $15,000) and a $205,000 (2018: $91,000) actuarial loss on the value of HeiQ's defined benefit pension plan. The net other comprehensive loss of $152,000 (2018: $76,000) reduced the profit after tax of $715,000 (2018: $26,000) down to total comprehensive income of $563,000 (2018: loss of $50,000) for the year ended 31 December 2019. Of this amount, $574,000 of the total comprehensive income for the year (2018: loss of $50,000) was attributable to HeiQ Shareholders and an $11,000 loss (2018: $nil) was attributable to non-controlling interests of HeiQ Group's group companies.

Following the above profit for the year attributable to the HeiQ Shareholders of $726,000 (2018: $26,000), the retained deficit carried forward as at 31 December 2019 was $13,702,000 (2018: $14,428,000).

Cash flows, financing and capital reserves

During the year ended 31 December 2019, HeiQ Group reported an aggregate cash inflow of $1,420,000 (2018: $504,000) from all sources, resulting in a closing cash balance of $3,603,000 (2018: $2,163,000) as at 31 December 2019.

The principal source of cash inflow was HeiQ Group's operating cash flows, comprising cash inflows from sales and other income, offset by cash outflows from cost of sales, selling and administrative expenses and other expenses. Key cash inflows from operating activities were $2,994,000 (2018: $387,000) for the year.

During the year, HeiQ Group reported a net cash outflow from investing activities of $1,781,000 (2018: $2,906,000). $1,290,000 (2018: $1,627,000) was used to acquire subsidiaries, $370,000 (2018: $593,000) was used to purchase new property and equipment, $118,000 (2018: $723,000) was incurred on the development of intangible assets and $15,000 (2018: $nil) was invested in associate HeiQ Group companies. These cash outflows were offset by cash inflows of $8,000 (2018: $27,000) from finance income and by $4,000 (2018: $10,000) from proceeds from the disposal of property and equipment.

During the year, HeiQ Group reported a net cash inflow from financing activities of $212,000 (2018: $3,033,000). Net funds from increased borrowings of $929,000 (2018: $nil) were offset by cash outflows of $182,000 (2018: $393,000) in relation to finance expenses, $386,000 (2018: $377,000) on the repayment of leases and the payment of $149,000 (2018: $302,000) of dividends to HeiQ Shareholders.

During the year, HeiQ Group benefitted from an exchange rate gain of $20,000 (2018: loss of $16,000) on the balance of cash held in foreign currencies.

Non-current assets

As at 31 December 2019, HeiQ Group's non-current assets comprised intangible assets of $4,522,000 (2018: $4,542,000), property and equipment of $3,884,000 (2018: $4,211,000), right-of-use assets of $2,714,000 (2018: $3,108,000), investments of $44,000 (2018: $26,000), deferred tax assets of $380,000 (2018: $415,000) and other non-current assets of $73,000 (2018: $61,000). In aggregate, HeiQ Group's non-current assets had a carrying value of $11,617,000 (2018: $12,363,000) at the year end.

HeiQ Group's intangible assets comprise goodwill acquired through business combinations, trademarks and patents, internally developed assets and other intangible assets. Brought forward intangible assets as at 1 January 2019 had a carrying value of $4,542,000. During the year, HeiQ Group expensed $79,000 on internally developed assets and a further $39,000 on trademarks and patents. Following a non-cash amortisation charge of $149,000 (2018: $145,000), the carrying value of HeiQ Group's intangible assets was $4,522,000 as at 31 December 2019 (2018: $4,542,000).

HeiQ Group's property and equipment comprises machinery and equipment, motor vehicles, computers and software and furniture and fixtures. Brought forward property and equipment as at 1 January 2019 had a carrying value of $4,211,000. During the year, HeiQ Group purchased an aggregate $370,000 of plant and equipment, of which $348,000 was in relation to machinery and equipment, $12,000 to computers and software and $10,000 to motor vehicles. Following a non-cash depreciation charge of $712,000 (2018: $743,000), the carrying value of HeiQ Group's property and equipment was $3,884,000 as at 31 December 2019 (2018: $4,211,000).

HeiQ Group's rights-of-use assets comprise land and building, motor vehicles and office equipment. Brought forward rights-of-use assets as at 1 January 2019 had a carrying value of $3,108,000. During the year, HeiQ Group added $9,000 of land and buildings through acquisitions. Following a non-cash depreciation charge of $404,000 (2018: $403,000), the carrying value of HeiQ Group's rights-of-use assets was $2,714,000 as at 31 December 2019 (2018: $3,108,000).

As at 31 December 2019, HeiQ held investments in two associate companies, being a 49% shareholding in Microbe Investigations AG and a 50% shareholding in HeiQ Germany. The carrying value in each associate was $29,000 (2018: $26,000) and $15,000 (2018: $nil) respectively.

Deferred tax assets of $380,000 as at 31 December 2019 (2018: $415,000) comprised the temporary timing differences between the carrying value of certain of HeiQ Group's assets and liabilities for tax purposes and their respective carrying amounts in HeiQ Group's statement of financial position. The assets and liabilities in question being HeiQ Group's pension fund obligations, deferred revenue and its pension fund expense. As at 31 December 2018, the deferred tax assets comprised $328,000 (2018: $277,000) with respect to HeiQ Group's pension fund obligations, $42,000 (2018: $68,000) in respect of its pension fund expense and $10,000 (2018: $70,000) in respect of its deferred revenue.

Other non-current assets of $73,000 as at 31 December 2019 (2018: $61,000) comprised deferred finance charges of $460,000 (2018: $705,000), deposits of $57,000 (2018: $49,000) and amounts due from third parties of $16,000 (2018: $12,000).

Current assets

As at 31 December 2019, HeiQ Group's current assets comprised inventory of $3,202,000 (2018: $3,898,000), trade receivables of $9,175,000 (2018: $6,561,000), other receivables and prepayments of $342,000 (2018: $926,000) and cash and cash equivalents of $3,603,000 (2018: $2,163,000). In aggregate, HeiQ Group's current assets had a carrying value of $16,322,000 (2018: $13,548,000) at the year end.

HeiQ Group's inventories comprised finished goods with a carrying value of $1,023,000 (2018: $1,281,000), stocks of raw materials with a carrying value of $1,115,000 (2018: $1,356,000), semi-finished goods with a carrying value of $956,000 (2018: $1,157,000) and other inventories with a carrying value of $22,000 (2018: $13,000).

Within HeiQ Group's trade receivables balance of $9,175,000 (2018: $6,561,000), is a provision for doubtful debts of $174,000 (2018: $72,000).

As at 31 December 2019, other receivables and prepayments were $342,000 (2018: $926,000).

Total assets

As at 31 December 2019, HeiQ Group had $11,617,000 (2018: $12,362,000) of non-current assets and $16,322,000 (2018: $13,546,000) of current assets, resulting in total assets of $27,939,000 (2018: $25,911,000) at the year end.

Equity

As at 31 December 2019, HeiQ Group's equity comprised share capital of $2,696,000 (2018: $2,664,000), capital reserve of $25,168,000 (2018: $24,921,000), other reserve of $(1,312,000) (2018: $(1,107,000)), a currency translation reserve of $467,000 (2018: $414,000), a retained deficit of $(13,702,000) (2018: $(14,428,000)) and non-controlling interests of $23,000 (2018: $nil). In aggregate, HeiQ Group's equity had a carrying value of $13,340,000 (2018: $12,464,000) at the year end.

The share capital balance of $2,696,000 (2018: $2,664,000) comprises the aggregate nominal value of the issued share capital of HeiQ. The movement of $32,000 (2018: $nil) during the year was the effect of the issue of 6,500 shares to employees as share-based payments.

The capital reserve balance of $25,168,000 (2018: $24,921,000) comprises the difference between the aggregate prices of issued shares of HeiQ and their aggregate nominal value. The movement of $247,000 (2018: $111,000) during the year was the net effect of the issue of the 6,500 shares to employees, generating a $396,000 increase to share premium (2018: $413,000), less the dividends declared of $149,000 (2018: $302,000), credited against share premium.

The other reserve of $(1,312,000) (2018: $(1,107,000)) represents the aggregate of actuarial gains and losses arising on the year end valuations of HeiQ's defined benefit pension scheme. The movement of $205,000 (2018: $91,000) during the year represents the reported actuarial loss included within *"other comprehensive income"*.

The currency translation reserve of $467,000 (2018: $414,000) relates to the differences arising at each year end on the translation of HeiQ's subsidiaries from their respective local currencies to HeiQ's reporting currency, being the $. The movement during the year of $53,000 (2018: $15,000) represents the reported profit on translation of foreign operations included within *"other comprehensive income"*.

The retained deficit of $13,340,000 (2018: $14,428,000) is the aggregate value of all retained profits and losses of HeiQ Group since incorporation. The movement of $726,000 (2018: $26,000) reflects the reported profit after tax attributable to the HeiQ Shareholders for the year.

Non-controlling interests represent the minority shareholders of various HeiQ Group entities. The balance of $23,000 (2018: $nil) arose during the year as a result of a $34,000 (2018: $nil) capital contribution from non-controlling interests, less their share of total comprehensive loss for the year of $11,000 (2018: $nil).

Non-current liabilities

As at 31 December 2019, HeiQ Group's non-current liabilities comprised leases of $2,445,000 (2018: $2,777,000), deferred tax liabilities of $216,000 (2018: $216,000) and other non-current liabilities of $2,780,000 (2018: $3,748,000). In aggregate, HeiQ Group's non-current liabilities had a carrying value of $5,441,000 (2018: $6,741,000) at the year end.

Deferred tax liabilities of $216,000 as at 31 December 2019 (2018: $216,000) comprised the temporary timing differences between the carrying value of HeiQ Group's property and equipment and rights-of-use assets for tax purposes and their respective carrying amounts on HeiQ Group's statement of financial position.

Other non-current liabilities of $2,780,000 (2018: $3,766,000) comprised $1,920,000 (2017: $1,758,000) in relation to HeiQ's defined benefit obligations, $856,000 (2018: $1,858,000) of non-current payables in relation to the acquisition of the Chem-Tex Assets on 6 April 2017 and $4,000 (2017: $132,000) of other non-current liabilities.

Current liabilities

As at 31 December 2019, HeiQ Group's current liabilities comprised trade and other payables of $1,931,000 (2018: $1,677,000), accrued liabilities of $3,113,000 (2017: $1,528,000), borrowings of $2,478,000 (2018: $1,522,000), leases of $339,000 (2018: $385,000), deferred revenue of $50,000 (2018: $350,000) and other current liabilities of $1,247,000 (2018: $1,244,000). In aggregate, HeiQ Group's current liabilities had a carrying value of $9,158,000 (2018: $6,706,000) at the year end.

Accrued liabilities of $3,113,000 (2018: $1,528,000) represents the provision for materials and services used but not yet invoiced.

Borrowings of $2,478,000 (2018: $1,522,000) comprised HeiQ Group's short-term revolving credit facility which incurs interest at Libor plus a margin of 0.8%.

The amount of $339,000 (2018: $385,000) in relation to HeiQ Group's leases is the amount due within one year on the leases set out above within *"non-current liabilities"*.

Deferred revenue of $50,000 (2018: $350,000) arose from HeiQ Group's contractual arrangements with its customers, whereby sales were invoiced in advance of the service being rendered. In accordance with IFRS, revenue associated with the advance sales is deferred onto the statement of financial position and only recognised in the income statement when the service is actually rendered.

Other current liabilities of $1,247,000 (2018: $1,244,000) comprised current payables in relation to the acquisition of the Chem-Tex Assets on 6 April 2017.

Total liabilities

As at 31 December 2019, HeiQ Group had $5,441,000 (2018: $6,741,000) of non-current liabilities and $9,158,000 (2018: $6,706,000) of current liabilities, resulting in total liabilities of $14,599,000 (2018: $13,447,000) at the year end.

Net assets

As at 31 December 2019, HeiQ Group had total assets of $27,939,000 (2018: $25,911,000) and total liabilities of $14,599,000 (2018: $13,447,000), resulting in net assets of $13,340,000 (2018: $12,464,000).

Results for the six-month period ended 30 June 2020

Trading results

During the six-month period ended 30 June 2020, HeiQ Group reported revenues of $30,129,000 (30 June 2019: $13,444) and associated cost of sales of $12,842,000 (30 June 2019: $7,203,000), generating a gross profit of $17,287,000 (30 June 2019: $6,241,000) and a gross profit margin of 57.4% (30 June 2019: 46.4%).

When compared to the prior six-month period, HeiQ Group reported increased revenues of $16,685,000, or 124.1%. The increase was due to the increased demand for HeiQ Group's functional chemical products as a result of the COVID-19 pandemic. Of the consolidated revenue of $30,129,000 (30 June 2019: $13,444,000), $26,331,000 (30 June 2019: $13,263,000) was derived from sales of HeiQ Group's core functional chemicals products, $3,713,000 (30 June 2019: $nil) from consumer goods, $10,000 (30 June 2019: $nil) from HeiQ Group's functional materials products and additional revenue of $75,000 (30 June 2019: $181,000) from third-party sources. Geographically, revenues were generated in the following locations:

	Unaudited 6 months ended 30 June 2019 $'000	**Unaudited 6 months ended 2020 $'000**	*Increase/ (decrease) during the period*
Asia	*2,624*	**13,396**	*410.5%*
North & South America	*9,162*	**11,125**	*21.4%*
Europe	*1,598*	**5,368**	*235.9%*
Others	*60*	**240**	*300.0%*
Revenue	***13,444***	**30,129**	***124.1%***

Cost of sales of $12,842,000 (30 June 2019: $7,203,000) were incurred during the period, comprising the following:

	Unaudited 6 months ended 30 June 2019 $'000	**Unaudited 6 months ended 2020 $'000**	*Increase/ (decrease) during the period*
Material expenses	*6,322*	**14,170**	*124.1%*
Freight and custom costs	*377*	**789**	*109.3%*
Personnel expenses	*609*	**652**	*7.1%*
Depreciation	*199*	**175**	*(12.1)%*
Warehousing costs	*117*	**93**	*(20.5)%*
Change in inventory	*(621)*	**(3,499)**	*(463.4)%*
Other costs of goods	*200*	**462**	*130.5%*
Cost of sales	***7,203***	**12,842**	***78.3%***

With respect to the gross profit margin of 57.4% (30 June 2019: 46.4%), the increase was due to the volumes sold of the HeiQ Group's higher margin functional chemicals products and consumer goods.

Other operating income of $898,000 (30 June 2019: $455) was earned during the period.

Selling and administrative expenses of $7,151,000 (30 June 2019: $6,312) were incurred during the six-month period, comprising:

	Unaudited 6 months ended 30 June 2019 $'000	**Unaudited 6 months ended 2020 $'000**	*Increase/ (decrease) during the period*
Personnel expenses	*3,546*	**4,115**	*16.0%*
Commissions	*399*	**679**	*70.2%*
Professional fees	*234*	**331**	*41.5%*
Infrastructure expenses	*228*	**299**	*31.1%*
Repairs and maintenance	*64*	**257**	*301.6%*
Depreciation right-of-use assets	*204*	**198**	*(2.9)%*
Depreciation of property and equipment	*154*	**176**	*14.3%*
Travel and entertainment	*357*	**153**	*(57.1)%*
Marketing expenses	*134*	**107**	*(20.1)%*
Insurance expenses	*113*	**94**	*(16.8)%*
Amortisation	*73*	**59**	*(19.2)%*
Research & development expenses	*192*	**33**	*(82.8)%*
Audit expense	*(6)*	**5**	*183.3%*
Other	*620*	**645**	*3.5%*
Selling and general administration expense	*6,312*	**7,151**	*13.3*%

In addition to the selling and administrative expenses, other operating expenses of $182,000 (30 June 2019: $366,000) were incurred during the six-month period. Following the above, HeiQ Group reported an operating profit of $10,852,000 (30 June 2019: $18,000) and an operating profit margin of 36.0% (30 June 2019: 0.1%).

During the six-month period, HeiQ Group incurred other expenses of $11,000 (30 June 2019: $nil) and finance costs of $232,000 (30 June 2019: $226,000). During the period, HeiQ Group's share of profits from its associates was $nil (30 June 2019: $2,000). Following the above, HeiQ Group reported a profit before tax of $10,600,000 (30 June 2019: loss of $207,000).

Income tax on the $10,600,000 profit before tax (30 June 2019: loss of $207,000) was $2,010,000 (30 June 2019: $432), following which, profit after tax was $8,590,000 (30 June 2019: loss of $639,000). Of this amount, $8,602,000 of the profit after tax (30 June 2019: loss of $639,000) for the period was attributable to HeiQ Shareholders and a $12,000 loss (30 June 2019: $nil) was attributable to non-controlling interests of HeiQ Group's group companies.

Other comprehensive income included a foreign exchange gain on the translation of foreign companies of $622,000 (30 June 2019: $11,000). The other comprehensive income of $622,000 (30 June 2019: $11,000) increased the profit after tax of $8,590,000 (30 June 2019: loss of $639,000) to total comprehensive income of $9,212,000 (30 June 2019: loss of $628,000) for the six-month period. Of this amount, $9,224,000 (30 June 2019: loss of $628,000) of the total comprehensive income for the year was attributable to HeiQ Shareholders and a $12,000 loss (30 June 2019: $nil) was attributable to non-controlling interests of HeiQ Group's group companies.

Following the above profit of $8,602,000 attributable to the HeiQ Shareholders for the six-month period, the retained deficit carried forward as at 30 June 2020 was $5,100,000 (31 December 2019: $13,702,000).

Cash flows, financing and capital reserves

During the six-month period ended 30 June 2020, HeiQ Group reported an aggregate cash outflow of $10,000 (30 June 2019: outflow of $1,147,000) from all sources, resulting in a closing cash balance of $3,643,000 as at 30 June 2020 (31 December 2019: $3,603,000).

The principal source of cash inflow was HeiQ Group's cash inflow from financing activities of $491,000 (30 June 2019: $476,000). Net funds from increased borrowings of $792,000 (30 June 2019: $923,000) were offset by cash outflows of $191,000 (30 June 2019: $194,000) on the repayment of leases, $110,000 (30 June 2019: $104,000) in relation to finance expenses.

In addition to its cash inflows from financing activities, HeiQ Group reported a cash inflow from operating activities of $125,000 period (30 June 2019: cash outflow of $177,000). Operating cash flows comprised cash inflows from sales and other income, offset by cash outflows from cost of sales, selling and administrative expenses and other expenses.

During the period, HeiQ Group reported a net cash outflow from investing activities of $626,000 (30 June 2019: outflow of $1,446,000). $294,000 (30 June 2019: $1,290,000) was used to acquire subsidiaries, $279,000 (30 June 2019: $84,000) was used to purchase new property and equipment, $44,000 (30 June 2019: $56,000) was incurred on the development of intangible assets, $9,000 (30 June 2019: $1,000) from finance income and $7,000 (30 June 2019: $nil) proceeds from the disposal of property and equipment.

No equity or material additional sources of financing were issued or received during the six-month period ended 30 June 2020.

During the period, HeiQ Group benefitted from an exchange rate gain of $50,000 (30 June 2019: gain of $12,000) on the balance of cash held in foreign currencies.

Non-current assets

As at 30 June 2020, HeiQ Group's non-current assets comprised intangible assets of $4,521,000 (31 December 2019: $4,522,000), property and equipment of $3,835,000 (31 December 2019: $3,884,000), right-of-use assets of $2,516,000 (31 December 2019: $2,714,000), investments of $44,000 (31 December 2019: $44,000), deferred tax assets of $411,000 (31 December 2019: $380,000) and other non-current assets of $90,000 (31 December 2019: $73,000). In aggregate, HeiQ Group's non-current assets had a carrying value of $11,417,000 at the period end (31 December 2019: $11,617,000).

HeiQ Group's intangible assets comprise goodwill acquired through business combinations, trademarks and patents, internally developed assets and other intangible assets. Brought forward intangible assets as at 1 January 2020 had a carrying value of $4,522,000. During the period, HeiQ Group expensed $34,000 on trademarks and patents and a further $10,000 on internally developed assets. Following a non-cash amortisation charge of $59,000, the carrying value of HeiQ Group's intangible assets was $4,521,000 as at 30 June 2020 (31 December 2019: $4,522,000).

HeiQ Group's property and equipment comprises machinery and equipment, motor vehicles, computers and software and furniture and fixtures. Brought forward property and equipment as at 1 January 2020 had a carrying value of $3,885,000. During the period, HeiQ Group purchased an aggregate $309,000 of plant and equipment, of which $201,000 was in relation to machinery and equipment, $74,000 to motor vehicles and $34,000 to computers and software. Property and equipment with a net carrying value of $18,000 were disposed of during the period. Following a non-cash depreciation charge of $351,000, the carrying value of HeiQ Group's property and equipment was $3,835,000 as at 31 December 2019 (31 December 2019: $3,884,000).

HeiQ Group's rights-of-use assets comprise land and building, motor vehicles and office equipment. Brought forward rights-of-use assets as at 1 January 2020 had a carrying value of $2,714,000. No additions were made during the period and following a non-cash depreciation charge of $198,000, the carrying value of HeiQ Group's rights-of-use assets was $2,515,000 as at 31 December 2019 (31 December 2019: $2,714,000).

As at 30 June 2020, HeiQ held investments in two associate companies, being a 49% shareholding in Microbe Investigations AG and a 50% shareholding in HeiQ Germany. The carrying value in each associate was $29,000 (31 December 2019: $29,000) and $15,000 (31 December 2019: $15,000) respectively.

Current assets

As at 30 June 2020, HeiQ Group's current assets comprised inventories of $7,779,000 (31 December 2019: $3,202,000), trade receivables of $17,215,000 (31 December 2019: $9,175,000), other receivables and prepayments of $1,268,000 (31 December 2019: $342,000) and cash and cash equivalents of $3,643,000 (31 December 2019: $3,603,000). In aggregate, HeiQ Group's current assets had a carrying value of $29,905,000 at the period end (31 December 2019: $16,322,000).

Within HeiQ Group's trade receivables balance of $17,215,000 (31 December 2019: $9,175,000), is a provision for the uncollectible trade receivables of $319,000 (31 December 2019: $247,000).

Total assets

As at 30 June 2020, HeiQ Group had $11,417,000 (31 December 2019: $11,617,000) of non-current assets and $29,905,000 (31 December 2019: $16,322,000) of current assets, resulting in total assets of $41,322,000 at the period end (31 December 2019: $27,939,000

Equity

As at 30 June 2020, HeiQ Group's equity comprised share capital of $2,741,000 (31 December 2019: $2,696,000), capital reserve of $25,726,000 (31 December 2019: $25,168,000), other reserve of $(1,312,000) (31 December 2019: $(1,312,000)), a currency translation reserve of $1,089,000 (31 December 2019: $467,000), a retained deficit of $5,100,000 (31 December 2019: $13,702,000) and non-controlling interests of $11,000 (31 December 2019: $23,000). In aggregate, HeiQ Group's equity had a carrying value of $23,156,000 at the period end (31 December 2019: $13,340,000).

The share capital balance of $2,741,000 (31 December 2019: $2,696,000) comprises the aggregate nominal value of the issued share capital of HeiQ. The movement of $45,000 during the period was the effect of the issue of 9,000 shares to employees as share-based payments.

The capital reserve balance of $25,726,000 (31 December 2019: $25,168,000) comprises the difference between the aggregate prices of issued shares of HeiQ and their aggregate nominal value. The movement of $558,000 during the period was the effect of the issue of the 9,000 shares to employees, generating a $558,000 increase to share premium.

The other reserve of $(1,312,000) (31 December 2019: $(1,312,000)) represents the aggregate of actuarial gains and losses arising on the year end valuations of HeiQ's defined benefit pension scheme. As HeiQ Group does not undertake a valuation of its defined benefit scheme at the interim period date, no movement on the other reserve is reflected.

The currency translation reserve of $1,089,000 (31 December 2019: $467,000) relates to the differences arising at each period end on the translation of HeiQ's subsidiaries from their respective local currencies to HeiQ's reporting currency, being the $. The movement during the six-month period of $622,000 (30 June 2019: $11,000) represents the reported foreign exchange gain arising on the translation of foreign operations included within *"other comprehensive income"*.

The retained deficit of $5,100,000 (31 December 2019: $13,702,000) is the aggregate value of all retained profits and losses of HeiQ Group since incorporation. The movement of $8,602,000 reflects the reported profit after tax attributable to the HeiQ Shareholders for the six-month period (30 June 2019: loss for the period of $639,000).

Non-controlling interests represent the minority shareholders of various HeiQ Group entities. The balance of $11,000 (31 December 2019: $23,000) arose during the six-month period as a result of their share of the profit after tax for the period of $(12,000).

Non-current liabilities

As at 30 June 2020, HeiQ Group's non-current liabilities comprised leases of $2,296,000 (31 December 2019: $2,445,000), deferred tax liabilities of $216,000 (31 December 2019: $216,000) and other non-current liabilities of $2,199,000 (31 December 2019: $2,780,000). In aggregate, HeiQ Group's non-current liabilities had a carrying value of $4,711,000 at the period end (31 December 2019: $5,441,000).

Deferred tax liabilities of $216,000 as at 30 June 2020 (31 December 2019: $216,000) comprised the temporary timing differences between the carrying value of HeiQ Group's property and equipment and rights-of-use assets for tax purposes and their respective carrying amounts on HeiQ Group's statement of financial position.

Other non-current liabilities of $2,199,000 (31 December 2019: $2,780,000) comprised $2,138,000 (31 December 2019: $1,920,000) in relation to HeiQ's defined benefit obligations and $61,000 (31 December 2019: $856,000) of non-current payables in relation to the acquisition of the Chem-Tex Assets on 6 April 2017.

Current liabilities

As at 30 June 2020, HeiQ Group's current liabilities comprised trade and other payables of $2,417,000 (31 December 2019: $1,931,000), accrued liabilities of $5,498,000 (31 December 2019: $3,113,000), borrowings of $3,337,000 (31 December 2019: $2,478,000), leases of $297,000 (31 December 2019: $339,000), deferred tax liabilities of $216,000 (31 December 2019: $216,000), deferred revenue of

$25,000 (31 December 2019: $50,000) and other current liabilities of $1,882,000 (31 December 2019: $1,247,000). In aggregate, HeiQ Group's current liabilities had a carrying value of $13,456,000 at the period end (31 December 2019: $9,158,000).

Accrued liabilities of $5,498,000 (31 December 2019: $3,113,000) represents the provision for materials and services used but not yet invoiced.

Borrowings of $3,337,000 (31 December 2019: $2,478,000) comprised HeiQ Group's short-term revolving credit facility which incurs interest at Libor plus a margin of 0.8%.

The amount of $297,000 (31 December 2019: $339,000) in relation to HeiQ Group's leases is the amount due within one year on the leases set out above within *"non-current liabilities"*.

Deferred revenue of $25,000 (31 December 2019: $50,000) arose from HeiQ Group's contractual arrangements with its customers, whereby sales were invoiced in advance of the goods being shipped. In accordance with IFRS, revenue associated with the advance sales is deferred onto the statement of financial position and only recognised in the income statement when the goods are actually shipped.

Other current liabilities of $1,882,000 (31 December 2019: $1,247,000) comprised current payables in relation to the acquisition of the Chem-Tex Assets on 6 April 2017.

Total liabilities

As at 30 June 2020, HeiQ Group had $4,711,000 (31 December 2019: $5,441,000) of non-current liabilities and $13,456,000 (31 December 2019: $9,158,000) of current liabilities, resulting in total liabilities of $18,167,000 at the period end (31 December 2019: $14,599,000).

Net assets

As at 30 June 2020, HeiQ Group had total assets of $41,322,000 (31 December 2019: $27,939,000) and total liabilities of $18,167,000 (31 December 2019: $14,599,000), resulting in net assets of $23,155,000 at the period end (31 December 2019: $13,340,000).

PART VII

FINANCIAL INFORMATION OF THE COMPANY

The following audited and unaudited historical financial information of the Company has been incorporated by reference:

Unaudited interim financial information for the six months ended 30 June 2020

The Company's unaudited interim financial information for the six months ended 30 June 2020 can be viewed on the Company's website at:

www.auctusgrowthplc.co.uk/wp-content/uploads/2020/07/Auctus-Growth-plc-Interim-Accounts-June-2020.pdf

The unaudited interim financial information available includes the following:

- Chairman's statement (page 1);
- Statement of comprehensive income for the six-month period ended 30 June 2020 (page 2);
- Statement of financial position as at 30 June 2020 (page 3);
- Statement of cash flows for the six-month period ended 30 June 2020 (page 4);
- Statement of changes in equity for the six-month period ended 30 June 2020 (page 5); and
- Notes to the interim financial information the six-month period ended 30 June 2020 (page 6).

Audited historical financial information for the year ended 31 December 2019

The Company's audited historical financial information for the year ended 31 December 2019 can be viewed on the Company's website at:

www.auctusgrowthplc.co.uk/wp-content/uploads/2014/07/Auctus-Growth-plc-Accounts-31-December-2019.pdf

The audited historical financial information available includes the following:

- Officers and professional advisers (page 1);
- Chairman's statement (page 2);
- Strategic report (page 3);
- Report of the Directors (page 5);
- Directors' remuneration report (page 10);
- Independent auditor's report (page 16);
- Statement of comprehensive income for the year ended 31 December 2019 (page 20);
- Statement of financial position as at 31 December 2019 (page 21);
- Statement of cash flows for the year ended 31 December 2019 (page 22);
- Statement of changes in equity for the year ended 31 December 2019 (page 23); and
- Notes to the financial statements the year ended 31 December 2019 (page 24).

Audited historical financial information for the year ended 31 December 2018

The Company's audited historical financial information for the year ended 31 December 2018 can be viewed on the Company's website at:

www.auctusgrowthplc.co.uk/wp-content/uploads/2014/07/Auctus-Growth-plc-Accounts-31-December-2018.pdf

- Officers and professional advisers (page 1);
- Chairman's statement (page 2);
- Strategic report (page 3);
- Report of the Directors (page 4);
- Directors' remuneration report (page 8);

- Independent auditor's report (page 14);
- Statement of comprehensive income for the year ended 31 December 2018 (page 18);
- Statement of financial position as at 31 December 2018 (page 19);
- Statement of cash flows for the year ended 31 December 2018 (page 20);
- Statement of changes in equity for the year ended 31 December 2018 (page 21); and
- Notes to the financial statements the year ended 31 December 2018 (page 22).

Audited historical financial information for the year ended 31 December 2017

The Company's audited historical financial information for the year ended 31 December 2017 can be viewed on the Company's website at:

www.auctusgrowthplc.co.uk/wp-content/uploads/2014/07/Auctus-Growth-plc-Account-31-December-2017.pdf

- Officers and professional advisers (page 1);
- Chairman's statement (page 2);
- Strategic report (page 3);
- Report of the Directors (page 4);
- Directors' remuneration report (page 8);
- Independent auditor's report (page 14);
- Statement of comprehensive income for the year ended 31 December 2017 (page 17);
- Statement of financial position as at 31 December 2017 (page 18);
- Statement of cash flows for the year ended 31 December 2017 (page 19);
- Statement of changes in equity for the year ended 31 December 2017 (page 20); and
- Notes to the financial statements the year ended 31 December 2017 (page 21).

PART VIII

FINANCIAL INFORMATION OF HEIQ GROUP

SECTION (A) – ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF HEIQ GROUP

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12 November 2020

The Directors and Proposed Directors
Auctus Growth plc
15 Whitehall
London SW1A 2DD

Dear Sirs,

Introduction

We report on the audited consolidated historical financial information of HeiQ Materials AG and its subsidiaries (together, the "**HeiQ Group**") for the three years ended 31 December 2019 (together, the "**HeiQ Group Financial Information**"). The HeiQ Group Financial Information has been prepared for inclusion in Section (B) *"Historical Financial Information of HeiQ Group"* of Part VIII *"Financial Information of HeiQ Group"* of Auctus Growth plc's (the "**Company**") prospectus dated 12 November 2020 (the "**Document**"), on the basis of the accounting policies set out in Note 3 to the HeiQ Group Financial Information. This report is given for the purpose of complying with item 18.3.1 of Annex 1 to Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors and Proposed Directors of the Company are responsible for preparing the HeiQ Group Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

It is our responsibility to form an opinion on the HeiQ Group Financial Information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the HeiQ Group Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the HeiQ Group Financial Information and whether the accounting policies are appropriate to HeiQ Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the HeiQ Group Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the HeiQ Group Financial Information gives, for the purposes of the Document, a true and fair view of the state of affairs of HeiQ Group as at 31 December 2017, 31 December 2018 and 31 December 2019 and of its results, cash flows and changes in equity for the years then ended in accordance with IFRS.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of this Document and we declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Document in compliance with item 1.2 of Annex 1 to Commission Delegated Regulation (EU) 2019/980.

Yours faithfully,

Crowe U.K. LLP

Crowe U.K. LLP

Chartered Accountants

SECTION (B) – HISTORICAL FINANCIAL INFORMATION OF HEIQ GROUP

Consolidated statements of comprehensive income

The audited consolidated statements of comprehensive income of HeiQ Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 are set out below:

	Note	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Revenue	8	**21,116**	**26,209**	**27,954**
Cost of sales	10	(11,892)	(14,990)	(14,382)
Gross profit		**9,224**	**11,219**	**13,572**
Other operating income	9	986	1,358	1,585
Selling and general administrative expenses	10	(9,037)	(10,738)	(12,048)
Other operating expenses		(99)	(802)	(1,687)
Operating profit		**1,074**	**1,037**	**1,422**
Other income		32	27	24
Other costs		(37)	(41)	—
Finance income		43	27	8
Finance costs	24	(409)	(639)	(428)
Share of profits of associates	7	—	2	3
Income before taxation		**703**	**413**	**1,029**
Taxation	11	29	(387)	(314)
Income after taxation		**732**	**26**	**715**
Other comprehensive income:				
Exchange differences on translation of foreign operations		468	15	53
Items that may be reclassified to profit or loss in subsequent periods		**468**	**15**	**53**
Actuarial losses from defined benefit pension plans		(11)	(91)	(205)
Items that will not be reclassified to profit or loss in subsequent periods		**(11)**	**(91)**	**(205)**
Total comprehensive income/(loss) for the year		**1,189**	**(50)**	**563**
Income attributable to:				
Equity holders of HeiQ		732	26	726
Non-controlling interests		—	—	(11)
		732	**26**	**715**
Comprehensive income/(loss) attributable to:				
Equity holders of HeiQ		1,189	(50)	574
Non-controlling interests		—	—	(11)
		1,189	**(50)**	**563**

Consolidated statements of financial position

The audited consolidated statements of financial position of HeiQ Group as at 31 December 2017, 31 December 2018 and 31 December 2019 are set out below:

	Note	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
ASSETS				
Intangible assets	12	3,982	4,542	4,522
Property, plant and equipment	13	4,504	4,211	3,884
Right-of-use assets	14	3,359	3,108	2,714
Investments	6,7	23	26	44
Deferred tax assets	11	471	415	380
Other non-current assets	15	49	61	73
Non-current assets		**12,388**	**12,363**	**11,617**
Inventories	16	2,868	3,898	3,202
Trade receivables	17	5,404	6,561	9,175
Other receivables and prepayments	18	4,816	926	342
Cash and cash equivalents		1,675	2,163	3,603
Current assets		**14,763**	**13,548**	**16,322**
Total assets		**27,151**	**25,911**	**27,939**
EQUITY AND LIABILITIES				
Share capital	19	2,664	2,664	2,696
Capital reserve	19	24,810	24,921	25,168
Other reserve	20	(1,016)	(1,107)	(1,312)
Currency translation reserve	21	399	414	467
Retained deficit		(14,454)	(14,428)	(13,702)
Non-controlling interest		—	—	23
Total equity		**12,403**	**12,464**	**13,340**
Leases	14	3,033	2,777	2,445
Deferred tax liability	11	149	216	216
Other non-current liabilities	23	4,698	3,748	2,780
Total non-current liabilities		**7,880**	**6,741**	**5,441**
Trade and other payables		1,119	1,677	1,931
Accrued liabilities		1,342	1,528	3,113
Deferred revenue		950	350	50
Borrowings	24	1,539	1,522	2,478
Leases	14	353	385	339
Other current liabilities	25	1,565	1,244	1,247
Total current liabilities		**6,868**	**6,706**	**9,158**
Total liabilities		**14,748**	**13,447**	**14,599**
Total liabilities and equity		**27,151**	**25,911**	**27,939**

Consolidated statements of changes in shareholders' equity

The audited consolidated statements of changes in shareholders' equity of HeiQ Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 are set out below:

	Note	Share capital $'000	Capital reserve $'000	Other reserve $'000	Currency reserve $'000	Retained deficit $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2017		**2,214**	**19,895**	**(1,005)**	**(69)**	**(15,186)**	**(23)**	**5,826**
Income after taxation		—	—	—	—	732	—	732
Other comprehensive (loss)/income		—	—	(11)	468	—	—	457
Total comprehensive (loss)/income for the year		—	—	*(11)*	*468*	*732*	—	1,189
Issuance of shares	19	450	4,915	—	—	—	—	5,365
Acquisition of minority interests............................	5	—	—	—	—	—	23	23
Transactions with owners		*450*	*4,915*	—	—	—	*23*	*5,388*
Balance as at 31 December 2017		**2,664**	**24,810**	**(1,016)**	**399**	**(14,454)**	—	**12,403**
Income after taxation		—	—	—	—	26	—	26
Other comprehensive (loss)/income		—	—	(91)	15	—	—	(76)
Total comprehensive (loss)/income for the year		—	—	*(91)*	*15*	*26*	—	*(50)*
Issuance of shares	19	—	413	—	—	—	—	413
Dividends paid from capital contributions.........	19	—	(302)	—	—	—	—	(302)
Transactions with owners		—	*111*	—	—	—	—	*111*
Balance as at 31 December 2018		**2,664**	**24,921**	**(1,107)**	**414**	**(14,428)**	—	**12,464**
Income after taxation		—	—	—	—	726	(11)	715
Other comprehensive (loss)/income		—	—	(205)	53	—	—	(152)
Total comprehensive (loss)/income for the year		—	—	*(205)*	*53*	*726*	*(11)*	*563*
Issuance of shares	19	32	396	—	—	—	—	428
Dividends paid from capital contributions.........	19	—	(149)	—	—	—	—	(149)
Capital contributions from non-controlling interests...		—	—	—	—	—	34	34
Transactions with owners		*32*	*247*	—	—	—	*34*	*313*
Balance as at 31 December 2019		**2,696**	**25,168**	**(1,312)**	**467**	**(13,702)**	**23**	**13,340**

Consolidated statements of cash flows

The audited consolidated statements of cash flows of HeiQ Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 are set out below:

Cash flows from operating activities	**Audited Year ended 31 December 2017 $'000**	**Audited Year ended 31 December 2018 $'000**	**Audited Year ended 31 December 2019 $'000**
Income before taxation	703	413	1,029
Cash flow from operations reconciliation:			
Depreciation and amortisation	1,123	1,288	1,267
Loss on disposal of assets	10	9	2
Finance costs	409	639	428
Finance income	(43)	(27)	(8)
Non-cash equity compensation	175	413	428
Share of profit of associates	—	(2)	(3)
Foreign exchange differences	355	508	(40)
Working capital adjustments:			
Decrease/(increase) in inventories	98	(1,031)	696
(Increase) in trade and other receivables	(2,646)	(1,382)	(2,044)
Increase/(decrease) in trade and other payables	2,166	(318)	1,412
Cash generated from operations	**2,350**	**510**	**3,167**
Taxes paid	(134)	(133)	(178)
Net cash generated from operating activities	**2,216**	**377**	**2,989**
Cash flows from investing activities			
Acquisition of business	(1,064)	(1,627)	(1,290)
Purchase of property, plant and equipment	(2,940)	(593)	(370)
Proceeds from the disposal of property and equipment	3	10	4
Development of intangible assets	(82)	(723)	(118)
Investment in associate company	—	—	(15)
Finance income	43	27	8
Net cash used in investing activities	**(4,040)**	**(2,906)**	**(1,781)**
Cash flows from financing activities			
Finance expense	(246)	(393)	(182)
Repayment of leases	(292)	(377)	(386)
Proceeds from equity issuance, net	—	4,105	—
Proceeds from/(repayment of) borrowings	1,539	—	929
Dividends paid	—	(302)	(149)
Net cash from financing activities	**1,001**	**3,033**	**212**
Net (decrease)/increase in cash and cash equivalents	**(823)**	**504**	**1,420**
Cash and cash equivalents – beginning of the year	2,382	1,675	2,163
Effects of exchange rate changes on the balance of cash held in foreign currencies	116	(16)	20
Cash and cash equivalents – end of the year	**1,675**	**2,163**	**3,603**

Notes to the HeiQ Group Financial Information

1. General information

HeiQ was incorporated on 15 March 2005 in Switzerland as a private company limited by shares ("Aktiengesellschaft") under company number CHE-112.274.504. HeiQ's registered office is located at Ruetistrasse 12 8952 Schlieren Zürich Switzerland. HeiQ's principal activities are innovating textiles by development, production and marketing of functional chemicals, materials as well as consumer goods. The Swiss operations include a production facility in Canton of Aargau.

In the United States, HeiQ's subsidiary operates two facilities located in Concord, North Carolina and Calhoun, Georgia. Both facilities comprise a textile chemicals and polymer formulation plant.

In Australia, HeiQ's subsidiaries operate a manufacturing facility and research and development hub situated in Geelong, Victoria and comprises a plant for the production of short polymer fibres.

Further operations are located in the People's Republic of China (PRC), Republic of China (Taiwan) and Germany.

2. Basis of preparation and measurement

(a) Basis of preparation

The HeiQ Group Financial Information has been prepared in accordance with IFRS, issued by the International Accounting Standards Board, including interpretations issued by the International Financial Reporting Interpretations Committee, applicable to companies reporting under IFRS.

Unless otherwise stated, the HeiQ Group Financial Information is presented in United States dollars ($) which is the currency of the primary economic environment in which HeiQ Group operates, and all values are rounded to the nearest thousand dollars except where otherwise indicated.

Transactions in foreign currencies are translated into $ at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date. The resulting gain or loss is reflected in the *"Consolidated Statements of Comprehensive Income"* within *"Other income", "other costs", "Finance income", "Finance costs" and "Exchange differences on translation of foreign operations"*.

The HeiQ Group Financial Information has been prepared under the historical cost convention except for certain financial and equity instruments that have been measured at fair value.

The HeiQ Group Financial Information has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The HeiQ Directors have reviewed HeiQ Group's overall position and outlook and are of the opinion that HeiQ Group is sufficiently well funded to be able to operate as a going concern for at least the next twelve months from the date of this Document.

(b) Basis of consolidation

The HeiQ Group Financial Information comprises the financial statements of HeiQ and its subsidiaries listed in Note 6 *"Subsidiaries"* to the HeiQ Group Financial Information.

A subsidiary is defined as an entity over which HeiQ has control. HeiQ controls an entity when HeiQ Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to HeiQ Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of HeiQ Group.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

(c) Investment in associates

HeiQ Group has applied IFRS 11 *"Joint Arrangements"* to its investment in associates. Under IFRS 11*"Joint Arrangements",* investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The HeiQ Directors have assessed the nature of HeiQ's joint arrangements and determined them to be that of an associated company, accounted for using the equity method.

Under the equity method of accounting, interests in associated companies are initially recognised at cost and adjusted thereafter to recognise HeiQ Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When HeiQ Group's share of losses in an associated company equals or exceeds its interests in the associated company, HeiQ Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

(d) New standards and interpretations

Adopted

IFRS 16 "Leases"

In January 2016, the IASB issued IFRS 16 *"Leases"*. The standard establishes the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The standard requires all lease transactions (with terms in excess of 12 months) to be recognised on the balance sheet as lease assets and lease liabilities, and to depreciate lease assets separately from interest on lease liabilities in the income statement. IFRS 16 *"Leases"* replaces the previous lease standard, IAS 17 *"Leases"*, and related interpretations. This standard became effective on 1 January 2019. Early adoption is permitted only if HeiQ also applies IFRS 15 *"Revenue from Contracts with Customers"*. The standard can be applied using either the full retrospective approach or a modified retrospective approach at the date of adoption. HeiQ Group has adopted IFRS 16 *"Leases"* with full retrospective effect.

Short-term leases which do not transfer substantially all the risks and rewards of ownership to HeiQ Group are classified as operating leases. Operating lease rentals are charged to profit and loss on a straight-line basis over the period of the lease.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that HeiQ Group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2020:

- IAS 1 *"Presentation of Financial Statements"* and IAS 8 *"Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)"*;
- IFRS 3 *"Business Combinations (Amendment – Definition of Business)"*; and
- Revised Conceptual Framework for Financial Reporting.

Other than described below, the HeiQ Directors do not expect these new accounting standards and amendments will have a material impact on the HeiQ Group's financial statements.

IAS 1 will impact the HeiQ Group in that the structure of the income statement will be altered. However, it will not change the recognition or measurement of items therein.

In January 2020, the IASB issued amendments to IAS 1 *"Presentation of Financial Statements"*, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

3. Significant accounting policies

The preparation of the HeiQ Group Financial Information in compliance with IFRS requires the HeiQ Directors to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the HeiQ Group Financial Information are disclosed in Note 4 *"Significant judgements, estimates and assumptions"* to the HeiQ Group Financial Information.

(a) Foreign currency transactions and translation

The HeiQ Group Financial Information is presented in United States dollars, which is HeiQ Group's principal functional currency.

The results and financial position of all HeiQ Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the *"Statement of Financial Position"*;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, HeiQ Group recognises in *"other comprehensive income"* the exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future.

(b) Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by HeiQ Group.

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives:

Furniture and fixtures	5 – 7 years
Motor vehicles	5 years
Machinery and equipment	5 – 15 years
Computers and software	3 – 5 years

Property and equipment held under leases are depreciated over the shorter of the lease term and estimated useful life.

(c) Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:

- its ability to measure reliably the expenditure attributable to the asset under development;
- the product or process is technically and commercially feasible;
- its future economic benefits are probable;
- its ability to use or sell the developed asset; and
- the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Certain internal salary costs are included where the above criteria are met. These internal costs are capitalised when they are incurred in respect of products developed for sale. Development expenditure initially recognised as an expense is not recognised as assets in subsequent periods.

Capitalised development expenditure in respect of such products is amortised on a straight-line method over a period of five to ten years when the products or services are ready for sale or use. In the event that it is no longer probable that the expected future economic benefits will be recovered, the development expenditure is written down to its recoverable amount.

(d) Intangible assets

All intangible assets, except goodwill, are stated at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill

Goodwill represents the amount by which the fair value of the cost of a business combination exceeds the fair value of the net assets acquired. Goodwill is not amortised and is stated at cost less any accumulated impairment losses.

The recoverable amount of goodwill is tested for impairment annually or when events or changes in circumstance indicate that it might be impaired. Impairment charges are deducted from the carrying value and recognised immediately in the income statement. For the purpose of impairment testing, goodwill is allocated to each of HeiQ Group's cash generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Acquisition-related intangible assets

Net assets acquired as part of a business combination includes an assessment of the fair value of separately identifiable acquisition-related intangible assets, in addition to other assets, liabilities and contingent liabilities purchased. These are amortised on a straight-line basis over their useful lives which are individually assessed.

Product design and development costs are expensed as incurred unless such expenditure meets the criteria to be capitalised as a non-current asset.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite.

The estimated useful lives are as follows:

Patents and trademarks	10 years
Internally developed assets	10 years
Brand names	10 years

(e) Impairment of financial assets

IFRS 9 *"Financial Instruments"* requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39 *"Financial Instruments: Recognition and Measurement"*. The expected credit loss model requires HeiQ Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The credit event does not have to occur before credit losses are recognised. IFRS 9*"Financial Instruments"* allows for a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets.

HeiQ Group has one type of financial asset subject to the expected credit loss model: trade receivables.

The expected loss rates are based on the HeiQ Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the HeiQ Group's customers.

(f) Impairment of non-financial assets

At each reporting date, the HeiQ Directors assess whether indications exist that an asset may be impaired. If indications do exist, or when annual impairment testing for an asset is required, the HeiQ Directors estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the HeiQ Directors consider the asset impaired and write the subject asset down to its recoverable amount. In assessing value-in-use, the HeiQ Directors discount the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the HeiQ Directors consider recent market transactions, if available. If no such transactions can be identified, the HeiQ Directors utilise an appropriate valuation model.

When applicable, HeiQ Group recognises impairment losses of continuing operations in the *"Statements of Profit or Loss and Other Comprehensive Income"* in those expense categories consistent with the function of the impaired asset.

(g) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

HeiQ Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

IFRS 16 *"Leases"* was adopted on 1 January 2017 with full retrospective effect.

Identifying leases

HeiQ Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- there is an identified asset;
- HeiQ Group obtains substantially all the economic benefits from use of the asset; and
- HeiQ Group has the right to direct use of the asset.

HeiQ Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether HeiQ Group obtains substantially all the economic benefits that arise from use of the asset, HeiQ Group considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether HeiQ Group has the right to direct use of the asset, the HeiQ Directors consider whether HeiQ Group directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the HeiQ Directors consider whether HeiQ Group was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, HeiQ Group applies other applicable IFRSs rather than IFRS 16 *"Leases"*.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case HeiQ Group's incremental borrowing rate on commencement of the lease is used, which the HeiQ Directors have assessed to be between 1.75% and 5%, depending on the nature of the asset and location.

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of HeiQ Group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where HeiQ Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When HeiQ Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

(i) Taxation

Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the HeiQ Group Financial Information. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and expected to apply when the related deferred tax is realised or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Income taxation

Current income tax assets and liabilities for the years ended 31 December 2019, 31 December 2018 and 31 December 2017 are measured at the amount to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the jurisdictions where HeiQ Group operates and generates taxable income.

(j) Revenue from contracts with customers and other income

HeiQ Group revenue represents the fair value of the consideration received or receivable for the rendering of services and sale of chemical products, net of value added tax and other similar sales-based taxes, rebates and discounts after eliminating intercompany sales.

For fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by HeiQ Group exceed the payment, an amount recoverable on contracts asset is recognised. Conversely, if the payments exceed the services rendered, a liability is recognised. If the contract is time-and-materials based and includes an hourly fee, revenue is recognised over time in the amount to which the HeiQ Group has the right to invoice.

Take or pay arrangements

Certain HeiQ Group customers have agreed, under a *"take or pay"* contract, to purchase a specified minimum quantity of a range of particular products over a specified period of time. However, the customer has to pay for the full quantity stated in the contract, irrespective of whether the customer takes delivery of the minimum quantity to which they are entitled. Upon payment of the full amount, the contract allows customers to defer its unexercised rights and to consume the remaining units to a later date, although there is no compulsion to do so. If HeiQ Group expects to benefit from such future exercise by the customer, it recognises the expected amount as revenue in proportion to the pattern of rights exercised by the customer (by comparing the goods delivered to date with those expected to be delivered overall).

The HeiQ Directors have therefore considered likely future customer behaviour and thus estimated the proportion of revenues to be recognised under such contracts.

Framework agreements

For services revenue from framework agreements, the stage of completion is determined based on the proportion of contract costs incurred compared to total estimated contract costs. The outcome of a development project can be determined with reasonable certainty when a project budget is agreed which sets out milestones and costs for all project deliverables. Staff and contractors record their actual time and external costs spent on each project which is regularly reviewed against budget.

In making their estimation as to the amounts recoverable on contracts, the HeiQ Directors consider estimates of anticipated revenues and costs from each contract and monitors the need for any provisions for losses arising from adjustments to underlying assumptions if this indicates it is appropriate.

Contract work in progress is stated at costs incurred, less those amounts transferred to profit or loss, after deducting foreseeable losses and payments on account not matched with revenue. Amounts recoverable on contracts are included in current assets and represent revenue recognised in excess of payments on account.

The revenue recognised and deferred from such agreements was as follows:

Revenue from framework agreements	**Audited Year ended 31 December 2017 $'000**	**Audited Year ended 31 December 2018 $'000**	**Audited Year ended 31 December 2019 $'000**
Amounts invoiced	1,000	—	—
Amounts (deferred) / recognised	(950)	600	300
Amount recognised in revenue	**50**	**600**	**300**

Deferred revenue	**Audited As at 31 December 2017 $'000**	**Audited As at 31 December 2018 $'000**	**Audited As at 31 December 2019 $'000**
Amount brought forward	—	950	350
Amounts invoiced	1,000	—	—
Deferred / recognised	(50)	(600)	(300)
Amount carried forward to be recognised in future periods	**950**	**350**	**50**

(k) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(l) Share-based payments

HeiQ Group accounts for share-based payments under IFRS 2 *"Share-based payment"*. All of HeiQ's share-based awards are equity settled.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Equity-settled share based payments to non-employees are measured at the fair value of services received, or if this cannot be measured, at the fair value of the equity instruments granted at the date that HeiQ Group obtains the goods or counterparty renders the service. The fair value of such shares issued has been estimated by reference to the cash consideration received for shares issued or material third-party transactions at or close to the dates for such non-cash issues.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the HeiQ Directors' estimate of equity instruments that will eventually vest, with a corresponding increase in equity. Where the conditions are non-vesting, the expense and equity reserve arising from share-based payment transactions is recognised in full immediately on grant.

At the end of each reporting period, the HeiQ Directors revise their estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserves.

(m) Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if HeiQ Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term benefits

Defined benefit plans

HeiQ Group operates a defined benefit pension plan in Switzerland, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through *"Other Comprehensive Income"* in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past-service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that HeiQ Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. HeiQ Group recognises the following changes in the net defined benefit obligation under *"cost of sales"*, *"administration expenses"* and *"selling and distribution expenses"* in the consolidated statement of profit or loss (by function):

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

- net interest expense or income.

Defined contribution plans

The income statement expense for the defined contribution pension plans operated represent the contributions payable for the year.

(n) Finance income and expenses

Financing expenses comprise interest payable, leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement.

Financing income comprise interest receivable on cash deposits and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(o) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(p) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

(r) Provisions

A provision is recognised when HeiQ Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(s) Contingent liabilities

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the HeiQ Group Financial Information, but are disclosed unless they are remote.

(t) Segmental reporting

The HeiQ Directors consider that the HeiQ Group has one reportable segment, that of textile innovation focused on scientific research, speciality materials manufacturing and consumer ingredient branding. Accordingly, all revenues, operating results, assets and liabilities are allocated to this activity.

The HeiQ Group also analyses and measures its performance into geographic regions, specifically Europe, North & South America and Asia.

4. Significant accounting judgements, estimates and assumptions

The HeiQ Directors have made the following judgements which may have a significant effect on the amounts recognised in the HeiQ Group Financial Information:

(a) Revenue from take-or pay arrangements

Certain customers have agreed, under a *"take or pay"* contract, to purchase a specified minimum quantity of a range of particular products over a specified period of time. However, the customer has to pay for the full quantity stated in the contract, irrespective of whether the customer takes delivery of the minimum quantity to which they are entitled. Upon payment of the full amount, the contract allows customers to defer its unexercised rights and to consume the remaining units to a later date, although there is no compulsion to do so. If HeiQ Group expects to benefit from such future exercise by the customer, it recognises the expected amount as revenue in proportion to the pattern of rights exercised by the customer (by comparing the goods delivered to date with those expected to be delivered overall).

The HeiQ Directors have therefore considered likely future customer behaviour and thus estimated the proportion of revenues to be recognised under such contracts. Any changes to such estimates would impact on the amount of revenue recognised in each year.

(b) Revenue from framework agreements

For services revenue from framework agreements, the stage of completion is determined based on the proportion of contract costs incurred compared to total estimated contract costs. The outcome of a development project can be determined with reasonable certainty when a project budget is agreed which sets out milestones and costs for all project deliverables. Staff and contractors record their actual time and external costs spent on each project which is regularly reviewed against budget.

In making their estimation as to the amounts recoverable on contracts, the HeiQ Directors consider estimates of anticipated revenues and costs from each contract and monitors the need for any provisions for losses arising from adjustments to underlying assumptions if this indicates it is appropriate. The amount of profit or loss recognised on a contract has a direct impact on HeiQ Group's results and carrying value of amounts recoverable on contracts. The HeiQ Directors are satisfied that their judgement is based on a reasonable assessment of the future prospects for each contract.

(c) Valuation of intangible assets

The determination of the fair value of assets and liabilities arising on the acquisition of businesses, the acquisition of industry-specific knowledge, software technology and brand names, whether arising from separate purchases or from the acquisition as part of business combinations, and development expenditure which is expected to generate future economic benefits, are based, to a considerable extent, on HeiQ Directors' estimations.

The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

Allocation of the purchase price affects the results of HeiQ Group as finite life intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset.

The estimated useful life principally reflects management's view of the average economic life of each asset and is assessed by reference to historical data and future expectations. Any reduction in the estimated useful life would lead to an increase in the amortisation charge.

During the year ended 31 December 2017, HeiQ Group acquired the Chem-Tex Assets (see Note 5 *"Business acquisitions"* to the HeiQ Group Financial Information). On acquisition, HeiQ Group recognised intangible assets of $3.74 million, the most significant of which related to goodwill of $3.39 million and brand names of $0.3 million.

The HeiQ Directors used an income approach model to establish the fair value.

The approach to determining the fair market value for the company's directly owned and related assets was considered a market approach as a way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities or intangible assets that have been sold.

The residual method which involves subtracting the value of identifiable corporate intangible assets from the total intangible value of the business (in this case, its directly owned and related assets) was undertaken in order to determine the intangible value attributable to individuals.

The estimated value of the Chem-Tex brand name was based on the *"Relief from Royalty"* method with assumptions of:

- estimated revenues for next 12 months;
- a royalty rate (1.25%);
- capitalisation rate (40%); and
- discount rate (16%), being estimated cost of common capital.

These estimates and assumptions resulted in a value for the Chem-Tex brand name of $295,000.

Any changes to such judgements, estimates and methodologies would impact on the amounts attributed to such intangible assets and goodwill and therefore the amount of amortisation expensed in each year.

(d) Impairment of non-financial assets

IFRS requires the HeiQ Directors to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving judgement in determining estimates, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- the level of capital expenditure to support long-term growth; and
- the selection of discount rates to reflect the risks involved.

The HeiQ Directors prepare and approve cash flow projections which are used in the fair value calculations.

Changing the assumptions selected by the HeiQ Directors, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect their impairment evaluation and hence HeiQ Group's results.

Goodwill of £3.4 million relating to the acquisition of the Chem-Tex Assets in 2017 was allocated to the Chem-Tex business and represents a group of cash generating units and tested for impairment as of the reporting date. The carrying value of the Chem-Tex Assets was tested for impairment on the basis of value in use, including a discount rate of 16% based on the rate that would be used by a market participant. These impairment tests indicated that no impairment loss is required.

(e) Measurement of fair value on issue of equity instruments

HeiQ has issued shares for non-cash consideration for both the acquisition of the Chem-Tex Assets (see Note 5 *"Business acquisitions"* to the HeiQ Group Financial Information), and to employees in respect of contractual compensation. The HeiQ Directors have estimated the fair value of such shares issued by reference to the cash consideration received for shares issued or material third-party transactions at or close to the dates for such non-cash issues.

Any changes to such fair value estimates would impact on the amounts attributed to the purchase consideration for the acquisition and thus the value of goodwill. It would also impact on the expense recognised in respect of share-based employee bonus payments.

(f) Defined benefit plans (pension benefits)

The cost of HeiQ Group's defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about pension obligations are provided in Note 22 *"Pensions and other post-employment benefit plans"* to the HeiQ Group Financial Information.

(g) Research and development costs

Research expenditure is recognised in the income statement in the period in which it is incurred. Development expenditure is recognised in the income statement in the period in which it is incurred unless it is probable that economic benefits will flow to HeiQ Group from the asset being developed, the cost of the asset can be reliably measured and technical feasibility can be demonstrated, in which case it is capitalised as an intangible asset on the statement of financial position.

Initial capitalisation of costs is based on the HeiQ Directors' judgement that technological and economic feasibility of the asset is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, the HeiQ Directors have made assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Capitalisation ceases when the asset being developed is ready for use. Research and development costs include direct and indirect labour, materials and directly attributable overheads and third-party costs.

At 31 December 2019, the carrying amount of capitalised development costs was $744,000 (2018: $694,000, 2017: $102,000).

(h) Right-of-use assets

At the commencement of a lease, an initial assessment is made as to whether or not it is likely that a renewal option will be exercised and therefore the lease term is determined at this point. Judgement as to the likely lease term has a direct impact on the calculation of right-of-use assets and lease liabilities as well as related depreciation and finance expenses. In certain cases, the HeiQ Directors have assumed that HeiQ Group will not exercise break dates or extend the lease term.

5. Business acquisitions

Acquisition of the Chem-Tex Assets

On 6 April 2017, HeiQ USA completed the acquisition of the Chem-Tex Assets through a newly established subsidiary, HeiQ USA, for an initial cash consideration of $1,259,000 (inclusive of a working capital adjustment of $190,000) funded by HeiQ Group's existing cash and bank facilities, deferred cash consideration of $4,116,000, a five-year Board fee of $1,060,000 (including deferred payments) and share consideration of $1,080,000. The acquisition supported HeiQ Group's strategic goal to achieve its international growth plans.

The acquired business and assets consist of two facilities in the United States located in Concord, North Carolina and Calhoun, Georgia. Both facilities comprise a textile chemicals and polymer formulation plant.

The consideration payable is summarised below:

	$'000
Initial cash consideration	1,064
Working capital adjustment	190
Deferred cash consideration:	
On first anniversary	1,105
On second anniversary	1,078
On third anniversary	1,050
On fourth anniversary	695
On fifth anniversary	94
On sixth anniversary	94
Cash consideration	**5,370**
Board fee	
Initial cash consideration	115
Deferred cash consideration:	
After 9 months	212
After 21 months	212
After 33 months	212
After 45 months	212
After 57 months	97
Board fee	**1,060**
Share consideration:	
Fair value of 36,000 consideration shares	1,085
Share consideration	**1,085**
Total consideration	**7,515**

Board fees

A total board fee payment of $1,060,000 (payable over the period up to January 2022) was determined to be part of the consideration transferred as the payment conditions agreed do not require continued employment and are not affected by termination.

Share consideration

The share consideration of $1,085,000 was satisfied by the issuance of 36,000 consideration shares to the vendors of the Chem-Tex Assets at an estimated fair value of $30 per share.

The following table summarises the consideration paid for the goodwill and assets, the fair value of assets acquired, and liabilities assumed at the acquisition date:

	$'000
Total nominal value of consideration	7,515
Net present value discount (Note)	(1,114)
Fair value of consideration	**6,401**
Net assets acquired:	
Plant and equipment	1,468
Inventories	1,000
Net working capital	195
Trademarks	50
Company name	295
Total identifiable net assets acquired at fair value	**3,008**
Goodwill recognised on acquisition	**3,393**

The main factors leading to the recognition of goodwill are the presence of certain intangible assets, such as the assembled workforce, which do not qualify for separate recognition, opportunities for synergies in production, supply chain and sales channels.

Note:

As the deferred consideration is to be paid other than in a short time-frame, the fair value of the deferred consideration to be paid has been discounted using an imputed interest rate of 6% (being HeiQ's estimated cost of debt) to take into account the time value of money.

The deferred consideration and related financing expense are summarised below:

	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
Consideration:			
Balance brought forward	—	4,461	3,102
Nominal value of consideration	7,515	—	—
Fair value discount	(1,114)	—	—
Amortisation of fair value discount	163	246	245
Consideration settled in cash	(1,064)	(1,627)	(1,290)
Consideration settled in shares	(1,080)	—	—
Foreign exchange differences	41	22	46
Deferred consideration carried forward	**4,461**	**3,102**	**2,103**
Current liability	1,565	1,244	1,247
Non-current liability	2,896	1,858	856
Total	**4,461**	**3,102**	**2,103**

Acquisition of HeiQ Pty Limited

On 19 May 2017, HeiQ acquired the remaining 50% of the issued share capital of HeiQ Pty Limited not already held for a consideration of one Australian dollar. HeiQ Pty Limited's manufacturing facility is situated in Geelong, Victoria, Australia, and comprises a plant for the production of short polymer fibres used for example in HeiQ's Real Silk technology.

Details of the fair value of non-controlling interests, purchase consideration, and amounts transferred to equity are shown below.

	$'000
Total consideration	
Non-controlling interests acquired	—
	(23)
Transfer to equity	**(23)**

6. Subsidiaries

Details of HeiQ's subsidiaries as at 31 December 2019 are as follows:

Company	Country of registration or incorporation	Registered office	Principal activity	Percentage of ordinary shares held by HeiQ
HeiQ ChemTex Inc.	United States	2725 Armentrout Dr Concord, NC 28025	Development, production and sale of chemicals	100%
HeiQ Pty Ltd**	Australia	Level 20/181 William Street Melbourne, VIC 3000	Research and development	100%
HeiQ Australia Pty Ltd**	Australia	Level 20/181 William Street Melbourne, VIC 3000	Trading and production	100%*
HeiQ GrapheneX AG	Switzerland	Rütistrasse 12, 8952 Schlieren	Inactive as at 31 December 2019	100%
HeiQ Company Limited	Taiwan	No. 14 & 16, Ln. 50, Wufu 1st Rd. Luzhu District, Taoyuan City 33850	Distribution	100%
HX Company Limited	Taiwan	No. 14 & 16, Ln. 50, Wufu 1st Rd. Luzhu District, Taoyuan City 33850	Trading and production	66.7%*

* held indirectly

** HeiQ held a 50% interest up until May 2017, when it acquired the remaining 50%. HeiQ Pty Ltd comprised HeiQ Pty Ltd and its wholly owned subsidiary, HeiQ Australia Pty Ltd, until HeiQ Australia Pty Ltd filed for voluntary deregistration on 17 July 2020 as part of a consolidation of the local businesses into a single entity. Subsequently, the business name "HeiQ Australia" was registered on 20 July 2020 by HeiQ Pty Ltd to be used for trading purposes, HeiQ Australia Pty Ltd was deregistered on 24 September 2020 and the entities are now trading as one single entity. The official registered address for HeiQ Pty Ltd (and the business name HeiQ Australia) is as above.

HeiQ operates a sales representative office in the People's Republic of China registered as HeiQ Materials Company Limited at Room 2011, Xuhui Commercial Mansion, No. 168 Yude Road, Shanghai, China.

7. Associate companies

Details of HeiQ's investments in associated companies are as follows:

Company	Country of registration or incorporation	Registered office	Principal activity	Percentage of ordinary shares held by HeiQ
HeiQ-RAS GmbH..............	Germany	An der Irler Höhe 3a, 93055 Regensburg	Regulatory Services	50%
Microbe Investigations AG.	Switzerland	Rütistrasse 12 8952 Schlieren	Testing services	49%

	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
HeiQ-RAS GmbH	—	—	15
Microbe Investigations AG	23	26	29
Carrying value	**23**	**26**	**44**

HeiQ-RAS GmbH ("HeiQ Germany")

In June 2019, HeiQ incorporated HeiQ Germany with paid in capital of €25,000 and, upon incorporation, agreed to sell a 50% interest to RAS AG, Germany for consideration of €12,500, equivalent to approximately $15,000.

The investment has been accounted for using the equity method of accounting whereby the investment is initially recognised at cost and the carrying value is increased or decreased to recognise HeiQ Group's share of the profit or loss of the associate after the date of acquisition.

As at 31 December 2019, the carrying value of the investment is summarised as follows:

	Audited As at 31 December 2019 $'000
Consideration paid	15
Group's share of post-acquisition losses	—
Carrying value	**15**

Summarised financial information

Set out below is summarised financial information for HeiQ Germany which is accounted for using the equity method. The information reflects the amounts presented in the financial information of HeiQ Germany, adjusted for differences in accounting policies between HeiQ Group and the associated company where appropriate, and not HeiQ Group's share of those amounts.

Summarised statement of financial position:

	Audited As at 31 December 2019 $'000
Current assets – cash	29
Net assets	**29**

Summarised statement of comprehensive income:

	Audited Year ended 31 December 2019 $'000
Revenue	—
Profit from continuing operations	—
Tax	—
Profit for the period	**—**
Other comprehensive income	—
Total comprehensive profit for the year	**—**

Microbe Investigations AG

On 7 June 2012, HeiQ subscribed for a 49% interest in Microbe Investigations AG for a total consideration of CHF 24,500 ($ 25,634).

The investment has been accounted for using the equity method of accounting whereby the investment is initially recognised at cost and the carrying value is increased or decreased to recognise HeiQ Group's share of the profit or loss of the associate after the date of acquisition.

The carrying value of the investment is summarised as follows:

	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
Cost	23	23	23
Group's share of post-acquisition income	—	2	6
Currency translation differences	—	1	—
Carrying value	**23**	**26**	**29**

Set out below is summarised financial information for Microbe Investigations AG which is accounted for using the equity method. The information reflects the amounts presented in the financial information of Microbe Investigations AG, adjusted for differences in accounting policies between HeiQ Group and the associated company where appropriate, and not HeiQ Group's share of those amounts.

Summarised statement of financial position:

	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
Non-current assets	51	51	52
Current assets	42	31	42
Current liabilities	(46)	(26)	(30)
Net assets	**47**	**56**	**64**

Summarised statement of comprehensive income:

	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Revenue	17	7	10
Expenses	(16)	(2)	(3)
Income and total comprehensive income for the year	**1**	**5**	**7**

8. Revenue

HeiQ Group's activities are materials innovation which focuses on scientific research, speciality materials manufacturing and consumer ingredient branding.

Revenues were mainly generated in regions Europe, North & South America and Asia. The following table reconciles HeiQ Group's revenue for the periods presented:

	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Functional chemicals sales	20,988	25,559	27,526
Functional materials sales	—	—	42
Other third-party revenues	128	650	386
Total revenue	**21,116**	**26,209**	**27,954**

	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
North & South America	12,542	16,958	17,218
Asia	5,908	5,830	7,098
Europe	2,608	2,821	3,513
Others	58	600	125
Total revenue	**21,116**	**26,209**	**27,954**

During the year ended 31 December 2019, two customers individually totalled more than 10% of total revenues, totalling 12% and 11% (2018: one customer totalling more than 10% at 12%, 2017: no customer totalling more than 10%).

9. Other operating income

	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Foreign exchange gains	13	862	1,400
Other	973	496	185
Total other income	**986**	**1,358**	**1,585**

10. Expenses by nature

Cost of goods sold	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Material expenses	9,538	13,851	12,275
Personnel expenses	1,076	1,066	1,285
Freight and custom costs	799	906	850
Depreciation of property and equipment	305	401	395
Warehousing costs	65	154	327
Change in inventory	(139)	(1,933)	(1,259)
Other costs of goods	248	545	509
Total cost of goods sold	**11,892**	**14,990**	**14,382**

Selling and general administration expense	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Personnel expenses	5,215	6,171	6,783
Commissions	319	636	1,117
Travel and entertainment	661	729	939
Infrastructure expenses	234	405	576
Depreciation right-of-use assets	315	403	404
Research & development expenses	426	570	373
Professional fees	434	431	364
Amortisation	178	145	149
Depreciation of property and equipment	325	342	317
Insurance expenses	177	326	247
Marketing expenses	285	144	212
Repairs and maintenance	126	142	148
Audit expense	12	47	(9)
Other	330	247	428
Total selling and general administration expense	**9,037**	**10,738**	**12,048**

Personnel expenses	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Wages & salaries	5,609	6,093	7,496
Social security & other payroll taxes	245	338	283
Shared-based payments	149	377	201
Pension costs	288	429	89
Total personnel expenses	**6,291**	**7,237**	**8,069**
The average monthly number of employees was as follows:	**71**	**73**	**86**

11. Taxation

Income taxes are provided for the tax effects of transactions reported in the HeiQ Group Financial Information and consist of taxes currently due, plus deferred taxes related to differences between the basis of assets and liabilities for financial and income tax reporting.

For the taxable year ending 31 December 2019, HeiQ Group had a tax expense of $314,000 (2018: $387,000, 2017: credit of $29,000). The effective tax rate was 30.5% for the year (2018: 93.7%, 2017: (4.1)%). The effective tax rate was primarily impacted by loss carryovers for which no deferred tax asset was recognised, other deferred tax and permanent differences, such as disallowable expenditure.

The components of the provision for taxation on income included in the *"Statements of Profit or Loss and Other Comprehensive Income"* for the periods presented are summarised below:

Current income tax expense	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Swiss corporate income taxes	7	(6)	46
United States state and federal taxes	(5)	248	147
Australian corporate income taxes	37	—	—
Taiwan corporate income taxes	—	—	35
Total current income tax expense	**39**	**242**	**228**
Deferred income tax expense			
Switzerland	(217)	79	86
United States	149	66	—
Total deferred income tax (credit)/expense	**(68)**	**145**	**86**
Total income tax (credit)/expense	**(29)**	**387**	**314**

The differences between the statutory income tax rate and the effective tax rates are summarised as follows:

	Audited Year ended 31 December 2019	
	$'000	
Expected tax at statutory Swiss income tax rate of 20%	206	20.0%
Increase/(decrease) in tax resulting from:		
Effect of different tax rates in foreign jurisdictions	(19)	(1.8)%
Unrecognised tax losses	100	9.7%
Capital allowances less depreciation	(6)	(0.6)%
Other – net	33	3.2%
	314	**30.5%**

	Audited Year ended 31 December 2018	
	$'000	
Expected tax at statutory Swiss income tax rate of 20%	83	20.0%
Increase/(decrease) in tax resulting from:		
Effect of different tax rates in foreign jurisdictions	(36)	(8.7)%
Unrecognised tax losses	16	3.9%
Capital allowances less depreciation	60	14.5%
Non-deductible expenditure	159	38.5%
Other – net	105	25.5%
	387	**93.7%**

	Audited Year ended 31 December 2017	
	$'000	
Expected tax at statutory Swiss income tax rate of 20%	141	20.0%
Increase/(decrease) in tax resulting from:		
Effect of different tax rates in foreign jurisdictions	(19)	(2.7)%
Unrecognised tax losses	(313)	(44.4)%
Capital allowances less depreciation	(2)	(0.3)%
Non-deductible expenditure	83	11.8%
Other – net	81	11.5%
	(29)	**(4.1)%**

HeiQ Group had a net deferred tax assets of $164,000 at 31 December 2019 (2018: $199,000, 2017: $322,000). The deferred tax assets relate to taxable temporary differences.

The components of the net deferred income tax assets included in non-current assets are as follows:

	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Deferred tax assets			
Pension fund obligations	254	277	328
Pension fund expense	27	68	42
Deferred revenue	190	70	10
Total deferred tax assets	**471**	**415**	**380**
Deferred tax liabilities			
Depreciation	(149)	(216)	(216)
Total deferred tax liabilities	**(149)**	**(216)**	**(216)**
Net deferred tax assets	**322**	**199**	**164**

As at 31 December 2019, the HeiQ Group had approximately $2.2 million of tax losses available to be carried forward against future profits. Approximately $1.5 million of these losses expire in 2020 and the remainder may be carried forward indefinitely.

12. Intangible assets

The following table summarises HeiQ Group's intangibles for each of the periods presented:

Cost	Goodwill $'000	Trademarks & patents $'000	Internally developed assets $'000	Brands $'000	Total $'000
As at 1 January 2017	—	174	2,158	—	2,332
Additions through business combinations *(a)*	3,393	50	—	295	3,738
Additions arising from internal development	—	82	—	—	82
Currency translation differences	—	15	93	—	108
As at 31 December 2017	**3,393**	**321**	**2,251**	**295**	**6,260**
Additions arising from internal development	—	89	634	—	723
Disposals	—	—	(1,849)	—	(1,849)
Currency translation differences	—	(32)	(6)	—	(38)
As at 31 December 2018	**3,393**	**378**	**1,030**	**295**	**5,096**
Additions arising from internal development	—	39	79	—	118
Currency translation differences	—	—	19	—	19
As at 31 December 2019	**3,393**	**417**	**1,128**	**295**	**5,233**
Amortisation					
As at 1 January 2017	—	29	1,981	—	2,010
Amortisation for the year	—	77	82	18	177
Currency translation differences	—	5	86	—	91
As at 31 December 2017	**—**	**111**	**2,149**	**18**	**2,278**
Amortisation for the year	—	75	40	30	145
Disposals	—	—	(1,849)	—	(1,849)
Currency translation differences	—	(16)	(4)	—	(20)
As at 31 December 2018	**—**	**170**	**336**	**48**	**554**
Amortisation for the year	—	78	41	30	149
Currency translation differences	—	1	7	—	8
As at 31 December 2019	**—**	**249**	**384**	**78**	**711**
Net book value					
As at 31 December 2017	**3,393**	**210**	**102**	**277**	**3,982**
As at 31 December 2018	**3,393**	**208**	**694**	**247**	**4,542**
As at 31 December 2019	**3,393**	**168**	**744**	**217**	**4,522**

(a) See Note 5 *"Business acquisitions"* to the HeiQ Group Financial Information for more information about HeiQ Group's acquisitions.

13. Property and equipment

Cost	Machinery and equipment $'000	Motor vehicles $'000	Computers and software $'000	Furniture and fixtures $'000	Total $'000
As at 1 January 2017	**3,508**	**211**	**324**	**65**	**4,108**
Additions	2,338	—	611	8	2,957
Additions through business combinations (Note 5)	1,149	234	—	85	1,468
Disposals	(17)	—	—	—	(17)
Currency translation differences	192	9	21	3	225
As at 31 December 2017	**7,170**	**454**	**956**	**161**	**8,741**
Additions	505	80	5	3	593
Disposals	(2,689)	(201)	(311)	(64)	(3,265)
Currency translation differences	(175)	(1)	(9)	—	(185)
As at 31 December 2018	**4,811**	**332**	**641**	**100**	**5,884**
Additions	348	10	12	—	370
Disposals	(7)	—	—	—	(7)
Currency translation differences	37	1	12	—	50
As at 31 December 2019	**5,189**	**343**	**665**	**100**	**6,297**
Depreciation					
As at 1 January 2017	2,901	179	309	63	3,452
Charge for the year	554	46	22	8	630
Currency translation differences	130	8	14	3	155
As at 31 December 2017	**3,585**	**233**	**345**	**74**	**4,237**
Charge for the year	547	58	127	11	743
Disposals	(2,691)	(181)	(319)	(64)	(3,255)
Currency translation differences	(48)	(1)	(3)	—	(52)
As at 31 December 2018	**1,393**	**109**	**150**	**21**	**1,673**
Charge for the year	504	71	127	10	712
Eliminated on disposals	(1)	—	—	—	(1)
Currency translation differences	21	—	8	—	29
As at 31 December 2019	**1,917**	**180**	**285**	**31**	**2,413**
Net book value					
As at 31 December 2017	**3,585**	**221**	**611**	**87**	**4,504**
As at 31 December 2018	**3,418**	**223**	**491**	**79**	**4,211**
As at 31 December 2019	**3,272**	**163**	**380**	**69**	**3,884**

14. Right-of-use assets

Cost	Land and buildings $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
As at 1 January 2017	959	43	14	1,016
Additions through business combinations	2,077	—	8	2,085
Additions arising from acquisition	559	68	—	627
As at 31 December 2017	**3,595**	**111**	**22**	**3,728**
Additions arising from acquisition	153	—	—	153
As at 31 December 2018	**3,748**	**111**	**22**	**3,881**
Additions arising from acquisition	9	—	—	9
As at 31 December 2019	**3,757**	**111**	**22**	**3,890**
Depreciation				
As at 1 January 2017	30	21	3	54
Depreciation for the year	295	16	4	315
As at 31 December 2017	**325**	**37**	**7**	**369**
Depreciation for the year	373	24	6	403
As at 31 December 2018	**698**	**61**	**13**	**772**
Depreciation for the year	379	19	6	404
As at 31 December 2019	**1,077**	**80**	**19**	**1,176**
Net book value				
As at 31 December 2017	**3,270**	**74**	**15**	**3,359**
As at 31 December 2018	**3,050**	**50**	**9**	**3,109**
As at 31 December 2019	**2,680**	**31**	**3**	**2,714**

Future minimum lease payments associated with these leases were as follows:

	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
Not later than one year	416	442	390
Later than one year and not later than five years	1,535	1,360	1,265
Later than five years	1,833	1,699	1,413
Total minimum lease payments	**3,784**	**3,501**	**3,068**
Less: Future finance charges	(398)	(339)	(284)
Present value of minimum lease payments	**3,386**	**3,162**	**2,784**
Current liability	**353**	**385**	**339**
Non-current liability	**3,033**	**2,777**	**2,445**
	3,386	**3,162**	**2,784**

Impact of IFRS 16 *"Leases"* on the statement of comprehensive income

The following tables summarises the effect of IFRS 16 *"Leases"* on HeiQ Group's profit before tax for each year presented:

	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Profit before tax excluding lease charges	**808**	**857**	**1,354**
Lease payments under short-term and low-value assets	—	—	—
Depreciation of right-of use assets	(315)	(403)	(404)
Lease finance expense	(53)	(65)	(58)
Profit before tax and after lease charges	**440**	**389**	**892**

15. Other non-current assets

	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
Deposits	46	49	57
Amounts due from third parties	3	12	16
Other non-current assets	**49**	**61**	**73**

16. Inventories

	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
Raw materials	1,198	1,281	1,023
Semi-finished goods	694	1,157	956
Finished goods	962	1,447	1,201
Other	14	13	22
Total inventories	**2,868**	**3,898**	**3,202**

17. Trade receivables

The majority of trade receivables are current and the HeiQ Directors believe these receivables are collectible. The HeiQ Directors consistently assess the collectability of these receivables. As at 31 December 2019, the HeiQ Directors considered a portion of these receivables uncollectable and recorded a provision in the amount of $174,000 (2018: $72,000, 2017: $262,000).

	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
Trade receivables	5,666	6,633	9,349
Provision for expected credit loss	(262)	(72)	(174)
Total trade receivables	**5,404**	**6,561**	**9,175**

The provision for expected loss rates are based on the HeiQ Group's historical credit losses experienced over the three-year period prior to the period end. Most significantly, in the case of take-or-pay contracts, the rate of provision is 5% for amounts more than one year past due and 20% for amounts more than two years past due. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the HeiQ Group's customers. The HeiQ Directors have identified the gross domestic product, unemployment rate and inflation rate as the key macroeconomic factors in the countries in which HeiQ Group operates.

18. Other receivables and prepayments

	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
Share capital unpaid	4,105	—	—
Prepayments and other receivables	711	924	342
Total other receivables and prepayments	**4,816**	**924**	**342**

19. Share capital and capital reserve

The following table summarises the share capital of HeiQ for the periods presented:

	Note	Number of shares No.	Share capital $'000	Capital reserve $'000	Totals $'000
Balance as of 1 January 2017		450,061	2,214	19,895	22,109
Placing of shares	*(a)*	46,512	239	3,866	4,105
Shares issued on acquisition of US business	*(b)*	36,000	185	900	1,085
Issue of shares to employees	*(c)*	5,110	26	149	175
Balance as at 31 December 2017		**537,683**	**2,664**	**24,810**	**27,474**
Issue of shares to employees	*(d)*	—	—	413	413
Dividends paid from capital contributions	*(e)*	—	—	(302)	(302)
Balance as at 31 December 2018		**537,683**	**2,664**	**24,921**	**27,585**
Issue of shares to employees	*(f)*	6,500	32	396	428
Dividends paid from capital contributions	*(g)*	—	—	(149)	(149)
Balance as at 31 December 2019		**544,183**	**2,696**	**25,168**	**27,864**

The changes to the issued share capital of HeiQ during each of the three years ended 31 December 2019 are as follows:

(a) On 22 December 2017, HeiQ issued a total of 46,512 HeiQ Shares for a cash consideration of CHF 4,000,032 (equivalent to $4,105,000).

(b) As described in Note 5 *"Business acquisitions"* to the HeiQ Group Financial Information, HeiQ USA completed the acquisition of the Chem-Tex Assets on 6 April 2017, which included the issuance of 36,000 consideration HeiQ Shares to the vendors of the Chem-Tex Assets at an estimated fair value of $30 per HeiQ Share..

(c) On 31 December 2017, HeiQ allocated 5,110 HeiQ Shares to employees in respect of contractual obligations for a total consideration of $175,000.

(d) On 15 May 2018, HeiQ executed the issue of HeiQ Shares allocated to employees during the year ended 31 December 2017 at a premium of $413,000.

(e) On 18 June 2018, HeiQ approved the payment of a dividend of CHF 0.558 per share, for a total of CHF 301,000 (equivalent to approximately $302,000) from capital contributed by HeiQ Shareholders.

(f) On 24 April 2019, HeiQ issued 6,500 HeiQ Shares to employees in respect of contractual obligations for a total consideration of $428,000.

(g) On 29 May 2019, HeiQ approved the payment of a dividend of CHF 0.2756 per HeiQ Share, for a total of CHF 150,000 (equivalent to approximately $149,000) from capital contributed by HeiQ Shareholders.

HeiQ's share capital comprises HeiQ Shares with a nominal value of CHF 5 per HeiQ Share.

The HeiQ Shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per HeiQ Share at meetings of HeiQ. As at 31 December 2019, the HeiQ Shareholders have authorised the HeiQ Directors to issue up to a further 120,000 new HeiQ Shares in the period up to November 2020. In addition, the HeiQ Directors are authorised to issue 3,240 new HeiQ Shares to employees without time limit.

Capital reserve

The capital reserve comprises amounts contributed by HeiQ Shareholders for the issue of HeiQ Shares in excess of nominal value and is distributable.

20. Other reserve

The other reserve comprises the cumulative re-measurement of defined benefit obligations and plan assets to fair value and which are recognised as a component of other comprehensive income. Such actuarial gains and losses from defined benefit pension plans are not reclassified to profit or loss in subsequent periods.

All other net gains and losses and transactions with owners not recognised elsewhere are included in retained profits and losses.

21. Currency translation reserve

The currency translation reserve represents cumulative foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

22. Pensions and other post-employment benefit plans

HeiQ operates a defined benefit pension plan in Switzerland, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Correspondingly the value of the defined benefit obligation at valuation date is equal to the present value of the accrued pro-rated service considering expected salary at eligibility date and the future pension increase.

The pension scheme of HeiQ is with Swisscanto pension fund ("Swisscanto Sammelstiftung").

Pension plan description

The pension plans grant disability and death benefits which are defined as a percentage of the salary insured. Upon reaching the retirement age, the savings capital will be converted with a fixed conversion rate into an old-age pension. In the event that an employee leaves employment with HeiQ prior to reaching a pensionable age, the cumulative balance of the savings account is withdrawn from the pension plan and invested into the pension plan of the employee's new employer.

Regulatory framework

Pension plan legal structure

HeiQ is affiliated to a collective foundation. The collective foundation operates one defined benefit pension plan for HeiQ. Under Swiss law, all employees are required to be a member of the pension plan. There are minimum benefits requested by law (for old-age, disability, death and termination). The pension plans cover more than legally requested. Each affiliated company has a pension plan committee. The committee is represented by 50% of employer representatives and the remaining 50% are employee representatives.

Responsibilities of the board of trustees (and/or the employer on the board of trustees)

The highest corporate body of the collective foundation is the board of trustees. The board of trustees is elected out of the affiliated companies and is also represented by 50% of employee and employer representatives (on the level of the collective foundation). This board handles the general management of the pension scheme, ensures compliance with the statutory requirements, defines the strategic objectives and policies of the pension scheme and identifies the resources for their implementation. This board decides also on the asset allocation and is responsible to the authorities for the correct administration of the collective foundation.

Special situation

The pension scheme has no minimum funding requirement (when the pension fund is in a surplus position), although the pension scheme has a minimum contribution requirement as specified below. Under local requirements, where a pension fund is operated in a surplus position, limited restrictions apply in term of the trustee's ability to apply benefits to the members of the locally determined *"free reserves"*. In instances where the pension fund enters into an underfunded status the active members, along with HeiQ as the employer, are required to make additional contributions until such time the pension fund is in a fully funded position.

Funding arrangements that affect future contributions

Swiss law provides for minimum pension obligations on retirement. Swiss law also prescribes minimum annual funding requirements. An employer may provide or contribute a higher amount than as specified under Swiss law – such amounts are specified under the terms and conditions of each of the Swiss employee's individual terms and conditions of employment.

In addition, employers are able to make one off contributions or prepayments to these funds. Although these contributions cannot be withdrawn, they are available to the company to offset its future employer cash contributions to the plan. Although a surplus can exist in the fund, Swiss law requires minimum annual funding requirements to continue.

For the active members of the pension plan, annual contributions are required by both the employer and employee. The employer contributions must be at least equal to the employee contributions, but may be higher, separately mentioned in the constitution of the pension plan.

Minimum annual contribution obligations are determined with reference to an employee's age and current salary, however as indicated above these can be increased under the employee's terms and conditions of employment.

In the event of the winding up of HeiQ, or the pension fund, HeiQ has no right to any refund of any surplus in the pension fund. Any surplus balance is allocated to the members (active and pensioners).

General risk

HeiQ faces the risk that its equity ratio can be affected by a poor performance of the assets of the pension fund or change of assumptions. Therefore, sensitivities of the main assumptions have been calculated and disclosed (see below).

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the statement of financial position for the plan:

Net benefit obligations

The components of the net defined benefits obligations included in non-current liabilities are as follows:

	Audited As at 31 December 2017 $'000	**Audited As at 31 December 2018 $'000**	**Audited As at 31 December 2019 $'000**
Fair value of plan assets	4,360	4,420	4,454
Defined benefit obligation	(5,820)	(6,178)	(6,374)
Funded status (net liability)	**(1,460)**	**(1,758)**	**(1,920)**
Duration (years)	19.4	18.8	19.0
Expected benefits payable in following year	(169)	(224)	(194)

Development of obligations and assets	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Present value of funded obligations, beginning of year	(4,776)	(5,820)	(6,178)
Employer service cost	(293)	(395)	(356)
Employee contributions	(182)	(219)	(213)
Past service cost	—	—	301
Interest cost	(37)	(45)	(53)
Benefits paid	(94)	62	784
Actuarial (loss)/gain on benefit obligation	(225)	169	(544)
Currency (loss)/gain	(213)	70	(115)
Present value of funded obligations, end of year	**(5,820)**	**(6,178)**	**(6,374)**
Defined benefit obligation participants	(5,218)	(5,613)	(5,775)
Defined benefit obligation pensioners	(602)	(565)	(599)
	(5,820)	**(6,178)**	**(6,374)**
Fair value of plan assets, beginning of year	3,520	4,360	4,420
Expected return on plan assets	27	34	38
Employer's contributions	182	219	213
Employees' contributions	182	219	213
Benefits (paid)/refunded	94	(62)	(784)
Admin expense	(15)	(15)	(14)
Actuarial gain/(loss) on plan assets	211	(283)	289
Currency gain/(loss)	159	(52)	79
Fair value of plan assets, end of year	**4,360**	**4,420**	**4,454**

Movements in net liability recognised in statement of financial position:

	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Net liability, beginning of year	(1,255)	(1,460)	(1,758)
Expense recognised in profit and loss	(317)	(421)	(85)
Employer's contributions (following year expected contributions)	182	219	213
Prepaid (accrued) pension cost:	135	202	(129)
— operating income (expense)	(126)	(191)	144
— finance income (expense)	(9)	(11)	(15)
Total gains recognised within other comprehensive income	(14)	(115)	(256)
Currency (loss)/gain	(56)	19	(34)
Net liability, end of year	**(1,460)**	**(1,758)**	**(1,920)**
Actual return on plan assets	6.0%	(5.67)%	7.50%
Expected employer's cash contributions for following year	**220**	**215**	**212**

Asset allocation	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
Cash	3.1%	2.8%	3.2%
Bonds	41.1%	26.9%	26.4%
Equities	30.4%	33.0%	29.8%
Property (incl. mortgages)	11.7%	19.1%	20.9%
Other	13.7%	18.2%	19.7%
Total	**100.0%**	**100.0%**	**100.0%**

Amounts recognised in other comprehensive income	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Yeare ended 31 December 2019 $'000
Re-measurement of defined benefit obligations	(225)	169	(544)
Actuarial (losses)/gains arising from plan experience	(281)	(7)	177
Actuarial gains / (losses) arising from financial assumptions	56	176	(722)
Re-measurement of assets	211	(284)	289
Total recognised in OCI	**(14)**	**(115)**	**(256)**

Principal actuarial assumptions (beginning of year):

The principal assumptions used in determining pension and post-employment benefit obligations for the plan are shown below:

	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
Discount rate	0.70%	0.75%	0.90%
Interest credit rate	1.00%	1.00%	1.00%
Expected net return on plan assets	0.70%	0.75%	0.90%
Average future salary increases	1.50%	1.50%	1.50%
Future pension increases	0.00%	0.00%	0.00%
Mortality tables used	BVG 2015 GT	BVG 2015 GT	BVG 2015 GT
Average retirement age	65/64	65/64	65/64
Expected life expectation at regular retirement age (male / female)	22.38 / 25.42	22.50 / 25.53	22.61 / 25.64

Sensitivities

A quantitative sensitivity analysis for significant assumptions as at 31 December 2019 is as follows:

Sensitivities **Impact on defined benefit obligation**	**Audited As at 31 December 2019 $'000**
Discount rate + 0.25%	(293)
Discount rate – 0.25%	315
Salary increase + 0.25%	49
Salary increase – 0.25%	(48)
Pension increase + 0.25%	156
Pension decrease – 0.25% (not lower than 0%)	—

A negative value corresponds to a reduction of the defined benefit obligation, a positive value to an increase of the defined benefit obligation.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

23. Other non-current liabilities

	Audited As at 31 December 2017 $'000	**Audited As at 31 December 2018 $'000**	**Audited As at 31 December 2019 $'000**
Defined benefit obligation IAS 19 (Note 16)	1,460	1,758	1,920
Deferred consideration in relation to the acquisition of the Chem-Tex Assets (Note 5)	2,896	1,858	856
Other non-current liabilities	342	132	4
Other non-current liabilities	**4,698**	**3,748**	**2,780**

The maturity profile of other current liabilities is shown in paragraph (g) *"Liquidity risk"* of Note 27 *"Financial Risk Management"* to the HeiQ Group Financial Information.

24. Borrowings

HeiQ Group's borrowings consist of a short-term revolving credit facility which incurs interest at Libor plus a margin of 0.8%.

The following table provides a reconciliation of HeiQ Group's future maturities of its total borrowings for each of the periods presented:

	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
Not later than one year	1,539	1,522	2,478
Total borrowings	**1,539**	**1,522**	**2,478**

The following table represents HeiQ Group's finance costs for each of the periods presented:

	Audited Year ended 31 December 2017 $'000	Audited Year ended 31 December 2018 $'000	Audited Year ended 31 December 2019 $'000
Amortisation of deferred finance costs	217	310	303
Interest on borrowings	75	103	88
Bank fees	23	31	33
Loss on foreign currency transactions	94	195	4
Total finance costs	**409**	**639**	**428**

25. Other current liabilities

	Audited As at 31 December 2017 $'000	Audited As at 31 December 2018 $'000	Audited As at 31 December 2019 $'000
Deferred consideration in relation to the acquisition of the Chem-Tex Assets (Note 5)	1,565	1,244	1,247
Other current liabilities	**1,565**	**1,244**	**1,247**

26. Fair value and financial instruments

(a) Fair value

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the HeiQ Directors utilise valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. IFRS 13 *"Fair Value Measurement"* establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is defined as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date.

Level 2: Inputs (other than quoted prices included in Level 1) can include the following:

- observable prices in active markets for similar assets;
- prices for identical assets in markets that are not active;
- directly observable market inputs for substantially the full term of the asset; and
- market inputs that are not directly observable but are derived from or corroborated by observable market data.

Level 3: Unobservable inputs which reflect the directors' best estimates of what market participants would use in pricing the asset at the measurement date.

All financial instruments measured at fair value use Level 2 valuation techniques for the each of the years ended 31 December 2019, 31 December 2018 and 31 December 2017.

Level 2 fair value measurements are those including inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly. The fair value of the swap commodity derivatives is calculated using a discounted cash flow model and the fair value of the option commodity derivatives are calculated using a relevant option pricing model, which are calculated from relevant market prices and yield curves at the balance sheet date and are therefore based solely on observable price information. These instruments are not directly quoted in active markets and are accordingly classified as Level 2 in the fair value hierarchy.

There were no transfers between fair value levels during the year ended 31 December 2019 (2018: $nil, 2017: $nil).

(b) Financial instruments

For trade receivables, HeiQ Group applies the simplified approach permitted by IFRS 9 *"Financial Instruments"*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost.

HeiQ Group is not a financial institution. HeiQ Group does not apply hedge accounting and its customers are considered creditworthy and pay consistently within agreed payments terms.

A classification of HeiQ Group's financial instruments for the periods presented is included in the table below:

	Audited As at 31 December 2017 $'000	**Audited As at 31 December 2018 $'000**	**Audited As at 31 December 2019 $'000**
Cash and cash equivalents held at amortised cost	1,675	2,163	3,603
Trade receivables and accrued income held at amortised cost	5,404	6,561	9,175
Financial assets at amortised cost	4,865	985	415
Financial liabilities at amortised cost	(8,723)	(8,198)	(9,070)
Borrowings and leases	(4,926)	(4,683)	(5,262)
Total	**(1,705)**	**(3,172)**	**(1,139)**

27. Financial risk management

For the purposes of capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of HeiQ. The primary objective of the HeiQ Directors' capital management is to ensure that HeiQ maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

To maintain or adjust the capital structure, the HeiQ Directors may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods presented.

The HeiQ Directors manage HeiQ's capital structure and adjust it, in light of changes in economic conditions and the requirements of the financial covenants. HeiQ Group includes in its net debt, interest-bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

HeiQ Group's principal financial liabilities comprise of borrowings and trade and other payables, which it uses primarily to finance and financially guarantee its operations.

HeiQ Group's principal financial assets include cash and cash equivalents and trade and other receivables derived from its operations.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect HeiQ Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. HeiQ Group is subject to this risk exposure as it relates to changes in interest rates on its variable rate borrowings. As discussed in Note 24 *"Borrowings"* to the HeiQ Group Financial Information, HeiQ Group had $2,478,000 of total borrowings outstanding as at 31 December 2019 (2018; $1,522,000, 2017: $1,539,000) which incurs interest at Libor plus a margin of 0.8%.

(c) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will not meet its obligations under a contract and arises primarily from HeiQ Group's cash in banks and trade receivables.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. HeiQ Group's exposure to the risk of changes in foreign exchange rates relates primarily to its financing activities (when financial liabilities and cash are denominated other than in a company's functional currency).

Most of HeiQ Group's transactions are carried out in $. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

HeiQ Group maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital and operational expenditure in the respective currencies. HeiQ Group's net exposure to foreign exchange risk was as follows:

	Functional currency						
As at 31 December 2019	**AUD $'000**	**CNY $'000**	**EUR $'000**	**GBP $'000**	**HKD $'000**	**US$ $'000**	**Total $'000**
Financial assets denominated in $	1	2,030	2,253	8	1	7,093	11,386
Financial liabilities denominated in $	28	—	(200)	(96)	(7)	(7)	(282)
Net foreign currency exposure	29	2,030	2,053	(88)	(6)	7,086	11,104

As at 31 December 2018	AUD $'000	CNY $'000	EUR $'000	GBP $'000	HKD $'000	US$ $'000	Total $'000
	Functional currency						
Financial assets denominated in $	151	993	1,197	5	5	6,452	8,803
Financial liabilities denominated in $	–	(7)	(377)	(33)	(6)	(68)	(491)
Net foreign currency exposure	151	986	820	(28)	(1)	6,384	8,312

As at 31 December 2017	AUD $'000	CNY $'000	EUR $'000	GBP $'000	HKD $'000	US$ $'000	Total $'000
	Functional currency						
Financial assets denominated in $	2	900	1,334	(16)	–	3,483	5,704
Financial liabilities denominated in $	–	–	6,624	–	–	2,876	9,500
Net foreign currency exposure	2	900	7,958	(16)	–	6,359	15,204

Foreign currency sensitivity analysis:

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant.

The impact on HeiQ Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. HeiQ Group's exposure to foreign currency changes for all other currencies is not material.

A 10 per cent. movement in each of the Australian Dollar (AUD), Chinese Yuan (CNY), Euro (EUR), British Pound (GBP), Hong Kong Dollar (HKD) and US Dollar ($) would increase/(decrease) net assets by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

As at 31 December 2019	AUD $'000	CNY $'000	EUR $'000	GBP $'000	HKD $'000	US$ $'000
Effect on net assets:.................................						
Strengthened by 10%	3	203	205	(9)	(1)	709
Weakened by 10%..................................	(3)	(203)	(205)	9	1	(709)

As at 31 December 2018	AUD $'000	CNY $'000	EUR $'000	GBP $'000	HKD $'000	US$ $'000
Effect on net assets:.................................						
Strengthened by 10%	15	99	82	(3)	—	638
Weakened by 10%..................................	(15)	(99)	(82)	3	—	(638)

As at 31 December 2017	AUD $'000	CNY $'000	EUR $'000	GBP $'000	HKD $'000	US$ $'000
Effect on net assets:.................................						
Strengthened by 10%	—	90	796	(2)	—	636
Weakened by 10%..................................	—	(90)	(796)	2	—	(636)

(e) Cash and cash equivalents

The credit risk from its cash and cash equivalents is limited because the counter parties are banks with high credit ratings and have not experienced any losses in such accounts.

(f) Trade receivables

Trade receivables are due from customers and collectability is dependent on the financial condition of each individual company as well as the general economic conditions of the industry. The HeiQ Directors review the financial condition of customers prior to extending credit and generally does not require collateral in support of HeiQ Group's trade receivables. The majority of trade receivables are current and the HeiQ Directors believe these receivables are collectible. As at 31 December 2019, HeiQ Group had two customers that individually accounted for more than 10% of total receivables, totalling 65% of total trade receivables (2018: one customer that individually accounted for more than 10% of total receivables, totalling 38%; 2017: three customers that individually accounted for more than 10% of total receivables, totalling 41%).

(g) Liquidity risk

Liquidity risk is the risk that HeiQ Group will not be able to meet its financial obligations as they are due. The HeiQ Directors manage this risk by:

- maintaining adequate cash reserves through the use of HeiQ Group's cash from operations and bank borrowings; and
- continuously monitoring projected and actual cash flows to ensure HeiQ Group maintains an appropriate amount of liquidity.

	Less than 1 year $'000	2 to 5 years $'000	> 5 years $'000	Total $'000
Trade and other payables	1,930	—	—	1,930
Borrowings	2,478	—	—	2,478
Leases (gross cash flows)	390	1,265	1,413	3,068
Other liabilities	4,360	2,780	—	7,140
Retirement obligations	—	—	1,920	1,920
As at 31 December 2019	**9,158**	**4,045**	**3,333**	**16,536**

	Less than 1 year $'000	2 to 5 years $'000	> 5 years $'000	Total $'000
Trade and other payables	1,679	—	—	1,679
Borrowings	1,522	—	—	1,522
Leases (gross cash flows)	442	1,360	1,699	3,501
Other liabilities	2,771	3,748	—	6,519
Retirement obligations	—	—	1,758	1,758
As at 31 December 2018	**6,414**	**5,108**	**3,457**	**14,979**

	Less than 1 year $'000	2 to 5 years $'000	> 5 years $'000	Total $'000
Trade and other payables	1, 118	—	—	1,118
Borrowings	1,539	—	—	1,539
Leases (gross cash flows)	416	1,535	1,833	3,784
Other liabilities	2,906	4,610	89	7,605
Retirement obligations	—	—	1,460	1,460
As at 31 December 2017	**5,979**	**6,145**	**3,382**	**15,506**

28. Notes to the statements of cash flows

Net debt reconciliation

Year ended 31 December 2019	**Opening balances $'000**	**New agreements $'000**	**Cash movements $'000**	**Foreign exchange differences $'000**	**Closing balances $'000**
Cash and cash equivalents	2,163	—	1,420	20	3,603
Leases	(3,162)	(8)	386	—	(2,784)
Borrowings	(1,522)	—	(929)	(27)	(2,478)
Totals	**(2,521)**	**(8)**	**877**	**(7)**	**(1,659)**

Year ended 31 December 2018	**Opening balances $'000**	**New agreements $'000**	**Cash movements $'000**	**Foreign exchange differences $'000**	**Closing balances $'000**
Cash and cash equivalents	1,675	—	504	(16)	2,163
Leases	(3,386)	(153)	377	—	(3,162)
Borrowings	(1,539)	—	—	17	(1,522)
Totals	**(3,250)**	**(153)**	**881**	**1**	**(2,521)**

Year ended 31 December 2017	**Opening balances $'000**	**New agreements $'000**	**Cash movements $'000**	**Foreign exchange differences $'000**	**Closing balances $'000**
Cash and cash equivalents	2,382	—	(822)	115	1,675
Leases	(964)	(2,714)	292	—	(3,386)
Borrowings	—	—	(1,539)	—	(1,539)
Totals	**1,418**	**(2,714)**	**(2,069)**	**115**	**(3,250)**

29. Contingencies and provisions

There are no known contingencies and provisions.

30. Related party transactions

Two companies controlled by a director of HeiQ USA, are the landlord for two buildings in the United States which are leased to HeiQ USA. These leases have been capitalised as right-of-use assets in accordance with IFRS 16 *"Leases"*. The total amount paid during the year ended 31 December 2019 was $160,000 (2018: $160,000, 2017: $100,000).

A company, of which a director of HeiQ is a significant shareholder, supplied materials and services totalling $48,000 in the year ended 31 December 2019 (2018: $43,000; 2017: $68,000).

In the year ended 31 December 2018, a director of a subsidiary provided consultancy services for a total of $78,000 (2017: $246,000). As at 31 December 2019, the amount outstanding under these arrangements was $nil (2018: $nil, 2017: $43,000).

All of the above transactions were entered into on normal commercial terms on an arm's length basis.

31. Material subsequent events

On 10 September 2020, HeiQ Iberia Unipessoal Lda, a wholly owned subsidiary of HeiQ, was incorporated in Portugal.

On 25 September 2020, HeiQ issued 9,000 HeiQ Shares to employees in respect of contractual obligations for a total consideration of approximately $630,000.

On 23 October 2020, HeiQ disposed of its 49% shareholding in Microbe Investigations AG.

32. Ultimate controlling party

As at 31 December 2019, HeiQ did not have any one identifiable controlling party.

33. Nature of the HeiQ Group Financial Information

The HeiQ Group Financial Information presented above does not constitute statutory financial statements for the periods under review.

SECTION (C) – UNAUDITED INTERIM FINANCIAL INFORMATION OF HEIQ GROUP

Consolidated statements of comprehensive income

The unaudited consolidated interim statements of comprehensive income of HeiQ Group for the six-month periods ended 30 June 2020 and 30 June 2019 are stated below:

	Note	Unaudited Six months ended 30 June 2019 $'000	Unaudited Six months ended 30 June 2020 $'000
Revenue	5	13,444	30,129
Cost of sales	7	(7,203)	(12,842)
Gross profit		**6,241**	**17,287**
Other operating income	6	455	898
Selling and general administrative expenses	7	(6,312)	(7,151)
Other operating expenses		(366)	(182)
Operating profit		**18**	**10,852**
Other costs		—	(11)
Finance income		(1)	(9)
Finance costs		(226)	(232)
Share of profits of associates		2	—
(Loss)/income before taxation		**(207)**	**10,600**
Taxation	8	(432)	(2,010)
(Loss)/income after taxation		**(639)**	**8,590**
Other comprehensive income:			
Exchange differences on translation of foreign operations		11	622
Items that may be reclassified to profit or loss in subsequent periods		**11**	**622**
Actuarial losses from defined benefit pension plans		—	—
Items that will not be reclassified to profit or loss in subsequent periods		**—**	**—**
Total comprehensive (loss)/income for the period		**(628)**	**9,212**
(Loss)/income attributable to:			
Equity holders of HeiQ		(639)	8,602
Non-controlling interests		—	(12)
		(639)	**8,590**
Comprehensive (loss)/income attributable to:			
Equity holders of HeiQ		(628)	9,224
Non-controlling interests		—	(12)
		(628)	**9,212**

Consolidated statements of financial position

The unaudited consolidated interim statements of financial position of HeiQ Group as at 30 June 2020 and the audited consolidated statement of financial position of HeiQ Group as at 31 December 2019 are stated below:

	Note	Audited As at 31 December 2019 $'000	Unaudited As at 30 June 2020 $'000
ASSETS			
Intangible assets	9	4,522	4,521
Property and equipment	10	3,884	3,835
Right-of-use assets	11	2,714	2,516
Investments		44	44
Deferred tax assets		380	411
Other non-current assets		73	90
Non-current assets		**11,617**	**11,417**
Inventories		3,202	7,779
Trade receivables	12	9,175	17,215
Other receivables and prepayments		342	1,268
Cash and cash equivalents		3,603	3,643
Current assets		**16,322**	**29,905**
Total assets		**27,939**	**41,322**
EQUITY AND LIABILITIES			
Share capital	13	2,696	2,741
Capital reserve	13	25,168	25,726
Other reserve		(1,312)	(1,312)
Currency translation reserve		467	1,089
Retained deficit		(13,702)	(5,100)
Non-controlling interest		23	11
Total equity		**13,340**	**23,155**
Leases		2,445	2,296
Deferred tax liabilities		216	216
Other non-current liabilities	14	2,780	2,199
Total non-current liabilities		**5,441**	**4,711**
Trade and other payables		1,931	2,417
Accrued liabilities		3,113	5,498
Deferred revenue		50	25
Borrowings		2,478	3,337
Leases		339	297
Other current liabilities	14	1,247	1,882
Total current liabilities		**9,158**	**13,456**
Total liabilities		**14,599**	**18,167**
Total liabilities and equity		**27,939**	**41,322**

Consolidated statements of changes in shareholders' equity

The unaudited consolidated interim statements of changes in shareholders' equity of HeiQ Group for the six-month periods ended 30 June 2020, 31 December 2019 and 30 June 2019 are stated below:

	Share capital $'000	Capital reserve $'000	Other reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2019 *(audited)*	**2,664**	**24,921**	**(1,107)**	**414**	**(14,428)**	**—**	**12,464**
Income after taxation	—	—	—	—	(639)	—	(639)
Gain on foreign currency conversion	—	—	—	11	—	—	11
Actuarial gains and losses	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	*11*	*(639)*	—	*(628)*
Issuance of shares	32	196	—	—	—	—	228
Dividends paid from capital contributions	—	(149)	—	—	—	—	(149)
Transactions with owners	*32*	*47*	—	—	—	—	*279*
Balance as at 30 June 2019 ***(unaudited)***	**2,696**	**24,968**	**(1,107)**	**425**	**(15,067)**	**—**	**11,915**
Income after taxation	—	—	—	—	1,365	(11)	1,354
Gain on foreign currency conversion	—	—	—	42	—	—	42
Actuarial gains and losses	—	—	(205)	—	—	—	(205)
Total comprehensive income for the period	—	—	*(205)*	*42*	*1,365*	*(11)*	*1,191*
Issuance of shares	—	200	—	—	—	—	200
Capital contributions from non-controlling shareholders	—	—	—	—	—	34	34
Transactions with owners	—	*200*	—	—	—	*34*	*234*
Balance as at 31 December 2019 ***(audited)***	**2,696**	**25,168**	**(1,312)**	**467**	**(13,702)**	**23**	**13,340**
Income after taxation	—	—	—	—	8,602	(12)	8,590
Gain on foreign currency conversion	—	—	—	622	—	—	622
Total comprehensive income for the period	—	—	—	*622*	*8,602*	*(12)*	*9,212*
Issuance of shares	45	558	—	—	—	—	603
Transactions with owners	*45*	*558*	—	—	—	—	*603*
Balance as at 30 June 2020 ***(unaudited)***	**2,741**	**25,726**	**(1,312)**	**1,089**	**(5,100)**	**11**	**23,155**

Consolidated statements of cash flows

The unaudited consolidated interim statements of cash flows of HeiQ Group for the six-month periods ended 30 June 2020 and 30 June 2019 are stated below:

	Unaudited Six months ended 30 June 2019 $'000	Unaudited Six months ended 30 June 2020 $'000
Cash flows from operating activities		
Income before taxation	(207)	10,600
Cash flow from operations reconciliation:		
Depreciation and amortisation	629	609
Loss on disposal of assets	—	11
Finance costs	226	232
Finance income	1	9
Non-cash equity compensation	428	604
Share of profit of associates	(2)	—
Foreign exchange differences	(269)	169
Working capital adjustments:		
Change in trade and other receivables	(1,701)	(8,983)
Change in inventories	(330)	(4,577)
Change in trade and other payables	1,048	1,444
Net cash (used in)/from operating activities	**(177)**	**118**
Cash flows from investing activities		
Business combinations, net of cash acquired	(1,290)	(294)
Purchase of property, plant and equipment	(84)	(279)
Proceeds from the disposal of property and equipment	—	7
Development of intangibles	(56)	(44)
Investment in associate company	(15)	—
Finance income	(1)	(9)
Net cash used in investing activities	**(1,446)**	**(619)**
Cash flows from financing activities		
Proceeds from borrowings	923	792
Financing expense	(104)	(110)
Repayment of leases	(194)	(191)
Payment of dividends	(149)	—
Net cash from by financing activities	**476**	**491**
Net increase/(decrease) in cash and cash equivalents	**(1,147)**	**(10)**
Cash and cash equivalents – beginning of the period	*2,163*	*3,603*
Effects of exchange rate changes on the balance of cash held in foreign currencies	12	50
Cash and cash equivalents – end of the period	**1,028**	**3,643**

Notes to the HeiQ Group Interim Financial Information

1. General information

HeiQ was incorporated on 15 March 2005 in Switzerland as a private company limited by shares ("Aktiengesellschaft") under company number CHE-112.274.504. HeiQ's registered office is located at Ruetistrasse 12 8952 Schlieren Zürich Switzerland. HeiQ's principal activities are innovating textiles by development, production and marketing of functional chemicals, materials as well as consumer goods. The Swiss operations include a production facility in Canton of Aargau.

In the United States, HeiQ's subsidiary operates two facilities located in Concord, North Carolina and Calhoun, Georgia. Both facilities comprise a textile chemicals and polymer formulation plant.

In Australia, HeiQ's subsidiaries operate a manufacturing facility and research and development hub situated in Geelong, Victoria and comprises a plant for the production of short polymer fibres.

Further operations are located in the People's Republic of China (PRC), Republic of China (Taiwan) and Germany.

2. Basis of preparation

The HeiQ Group Interim Financial Information has been prepared in accordance with IAS 34 *"Interim Financial Reporting"*. The HeiQ Group Interim Financial Information is not HeiQ Group's statutory financial statements and should be read in conjunction with Section (B) *"Historical Financial Information of HeiQ Group"* of Part VIII *"Financial Information of HeiQ Group"* of this Document.

The HeiQ Group Interim Financial Information is unaudited. In the opinion of the HeiQ Directors, the HeiQ Group Interim Financial Information presents fairly the financial position, and results from operations and cash flows for the period.

Unless otherwise stated, the HeiQ Group Interim Financial Information is presented in United States dollars ($) which is the currency of the primary economic environment in which HeiQ Group operates, and all values are rounded to the nearest thousand $ except where otherwise indicated.

The HeiQ Group Interim Financial Information has been prepared under the historical cost convention except for certain financial and equity instruments that have been measured at fair value.

The HeiQ Group Interim Financial Information has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The HeiQ Directors have reviewed HeiQ Group's overall position and outlook and are of the opinion that HeiQ Group is sufficiently well funded to be able to operate as a going concern for at least the next twelve months from the date of this Document.

3. Accounting policies

The principal accounting policies applied in preparation of the HeiQ Group Interim Financial Information are the same as those used in the preparation of the HeiQ Group Financial Information set out in Section (B) *"Historical Financial Information of HeiQ Group"* of Part VIII *"Financial Information of HeiQ Group"* of this Document and have been consistently applied unless otherwise stated.

4. Significant accounting judgements, estimates and assumptions

The HeiQ Directors have made the following judgements which may have a significant effect on the amounts recognised in the HeiQ Group Interim Financial Information:

(a) Revenue from take-or pay arrangements

Certain customers have agreed, under a "take or pay" contract, to purchase a specified minimum quantity of a range of particular products over a specified period of time. However, the customer has to pay the full amount for the full quantity stated in the contract, irrespective of whether the customer takes delivery of the minimum quantity to which they are entitled. Upon payment of the full amount, the contract allows customers to defer its unexercised rights and to purchase consume the remaining units to a later date, although there is no compulsion to do so. If HeiQ Group expects to benefit from such future exercise by the customer, it recognises the expected amount as revenue in proportion to the pattern of rights exercised by the customer (by comparing the goods delivered to date with those expected to be delivered overall).

The HeiQ Directors have therefore considered likely future customer behaviour and thus estimated the proportion of revenues to be recognised under such contracts. Any changes to such estimates would impact on the amount of revenue recognised in each year.

(b) Revenue from framework agreements

For services revenue from framework agreements, the stage of completion is determined based on the proportion of contract costs incurred compared to total estimated contract costs. The outcome of a development project can be determined with reasonable certainty when a project budget is agreed which sets out milestones and costs for all project deliverables. Staff and contractors record their actual time and external costs spent on each project which is regularly reviewed against budget.

In making its estimation as to the amounts recoverable on contracts, management considers estimates of anticipated revenues and costs from each contract and monitors the need for any provisions for losses arising from adjustments to underlying assumptions if this indicates it is appropriate. The amount of profit or loss recognised on a contract has a direct impact on HeiQ Group's results and carrying value of amounts recoverable on contracts. The HeiQ Directors are satisfied that their judgement is based on a reasonable assessment of the future prospects for each contract.

(c) Valuation of intangible assets

The determination of the fair value of assets and liabilities arising on the acquisition of businesses, the acquisition of industry-specific knowledge, software technology and brand names, whether arising from separate purchases or from the acquisition as part of business combinations, and development expenditure which is expected to generate future economic benefits, are based, to a considerable extent, on HeiQ Directors' estimations.

The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

Allocation of the purchase price affects the results of HeiQ Group as finite life intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset.

The estimated useful life principally reflects management's view of the average economic life of each asset and is assessed by reference to historical data and future expectations. Any reduction in the estimated useful life would lead to an increase in the amortisation charge.

(d) Measurement of fair value on issue of equity instruments

HeiQ has issued shares for non-cash consideration for both the acquisition of the Chem-Tex Assets and to employees in respect of contractual bonuses. The HeiQ Directors have estimated the fair value of such shares issued by reference to the cash consideration received for shares issued at or close to the dates for such non-cash issues.

Any changes to such fair value estimates would impact on the amounts attributed to the purchase consideration for the acquisition and thus the value of goodwill. It would also impact on the expense recognised in respect of share-based employee bonus payments.

(e) Development costs

HeiQ Group capitalises costs for product development projects. Initial capitalisation of costs is based on the HeiQ Group's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, the HeiQ Directors have made assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 30 June 2020, the carrying amount of capitalised development costs was $763,000 (31 December 2019: $744,000).

(f) Defined benefit plans (pension benefits)

The cost of HeiQ Group's defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about pension obligations are provided in Note 22 *"Pensions and other post-employment benefit plans"* to the HeiQ Group Financial Information set out in Section (B) *"Historical Financial Information of HeiQ Group"* of Part VIII *"Financial Information of HeiQ Group"* of this Document.

(g) Research and development costs

Research and development is recognised in the income statement in the period in which it is incurred. Development expenditure is recognised in the income statement in the period in which it is incurred unless it is probable that economic benefits will flow to HeiQ Group from the asset being developed, the cost of the asset can be reliably measured and technical feasibility can be demonstrated, in which case it is capitalised as an intangible asset in the statement of financial position.

Capitalisation ceases when the asset being developed is ready for use. Research and development costs include direct and indirect labour, materials and directly attributable overheads.

5. Revenue

HeiQ Group's activities are materials innovation which focuses on scientific research, speciality materials manufacturing and consumer ingredient branding.

Revenues were generated in Europe, North & South America, Asia and other markets worldwide. The following table reconciles HeiQ Group's revenue for the periods presented:

	Unaudited Six months ended 30 June 2019 $'000	**Unaudited Six months ended 30 June 2020 $'000**
Functional chemicals sales	13,263	26,331
Consumer goods	—	3,713
Functional materials sales	—	10
Other third-party revenues	181	75
Total revenue	**13,444**	**30,129**

	Unaudited Six months ended 30 June 2019 $'000	**Unaudited Six months ended 30 June 2020 $'000**
Asia	2,624	13,396
North & South America	9,162	11,125
Europe	1,598	5,368
Others	60	240
Total revenue	**13,444**	**30,129**

6. Other operating income

	Unaudited Six months ended 30 June 2019 $'000	Unaudited Six months ended 30 June 2020 $'000
Foreign exchange gains	356	249
Other	99	649
Total other income	**455**	**898**

7. Expenses by nature

	Unaudited Six months ended 30 June 2019 $'000	Unaudited Six months ended 30 June 2020 $'000
Cost of goods sold		
Material expenses	6,322	14,170
Freight and custom costs	377	789
Personnel expenses	609	652
Depreciation	199	175
Warehousing costs	117	93
Change in inventory	(621)	(3,499)
Other costs of goods	200	462
Total cost of goods sold	**7,203**	**12,842**

	Unaudited Six months ended 30 June 2019 $'000	Unaudited Six months ended 30 June 2020 $'000
Selling and general administration expenses		
Personnel expenses	3,546	4,115
Commissions	399	679
Professional fees	234	331
Infrastructure expenses	228	299
Repairs and maintenance	64	257
Depreciation right-of-use assets	204	198
Depreciation of property, plant & equipment	154	176
Travel and entertainment	357	153
Amortisation	73	59
Marketing expenses	134	107
Insurance expenses	113	94
Research & development expenses	192	33
Audit expense	(6)	5
Other	620	645
Selling and general administration expenses	**6,312**	**7,151**

	Unaudited Six months ended 30 June 2019 $'000	Unaudited Six months ended 30 June 2020 $'000
Personnel expenses		
Wages & salaries	3,791	3,714
Shared-based payments	114	558
Pension costs	63	304
Social security & other payroll taxes	187	191
Personnel expenses	**4,155**	**4,767**

8. Taxation

The components of the provision for taxation on income included in the *"Statements of Profit or Loss and Other Comprehensive Income"* for the periods presented are summarised below:

	Unaudited Six months ended 30 June 2019 $'000	Unaudited Six months ended 30 June 2020 $'000
Current income tax		
Swiss corporate income taxes	27	1,329
United States state and federal taxes	362	712
Total current income tax expense	**389**	**2,041**
Deferred income tax expense/(credit)		
Switzerland	43	(31)
Total deferred income tax expense/(credit)	**43**	**(31)**
Total income tax expense	**432**	**2,010**

9. Intangible assets

Cost	Goodwill $'000	Trademarks & patents $'000	Internally developed assets $'000	Others $'000	Total $'000
As at 1 January 2020	3,393	417	1,128	295	5,233
Additions arising from internal development	—	34	10	—	44
Currency translation differences	—	(6)	25	—	19
As at 30 June 2020	**3,393**	**445**	**1,163**	**295**	**5,296**
Amortisation					
As at 1 January 2020	—	249	384	78	711
Amortisation for the period	—	37	7	15	59
Currency translation differences	—	(4)	9	—	5
As at 30 June 2020	**—**	**282**	**400**	**93**	**775**
Net book value					
As at 31 December 2019	**3,393**	**168**	**744**	**217**	**4,522**
As at 30 June 2020	**3,393**	**163**	**763**	**202**	**4,521**

10. Property and equipment

Cost	Machinery and equipment $'000	Motor vehicles $'000	Computers and software $'000	Furniture and fixtures $'000	Total $'000
As at 1 January 2020	5,189	343	665	100	6,297
Additions	201	74	34	—	309
Disposals	—	(29)	—	—	(29)
Currency translation differences	19	1	15	—	35
As at 30 June 2020	**5,409**	**389**	**714**	**100**	**6,612**
Depreciation					
As at 1 January 2020	1,917	180	285	31	2,413
Charge for the period	238	41	67	5	351
Eliminated on disposal	—	(11)	—	—	(11)
Currency translation differences	17	(2)	9	—	24
As at 30 June 2020	**2,172**	**208**	**361**	**36**	**2,777**
Net book value					
As at 31 December 2019	**3,272**	**163**	**380**	**69**	**3,884**
As at 30 June 2020	**3,237**	**181**	**353**	**64**	**3,835**

11. Right-of-use assets

Cost	Land and buildings $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
As at 1 January 2020	3,757	111	22	3,890
Additions arising from acquisition	—	—	—	—
As at 30 June 2020	**3,757**	**111**	**22**	**3,890**
Depreciation				
As at 1 January 2020	1,077	80	19	1,176
Depreciation for the period	189	8	1	198
As at 30 June 2020	**1,266**	**88**	**20**	**1,374**
Net book value				
As at 31 December 2019	**2,680**	**31**	**3**	**2,714**
As at 30 June 2020	**2,491**	**23**	**2**	**2,516**

12. Trade receivables

The majority of trade receivables are current and the HeiQ Directors believe these receivables are collectible. The HeiQ Directors consistently assess the collectability of these receivables. As at 30 June 2020, the HeiQ Directors considered a portion of these receivables uncollectable and recorded a provision in the amount of $319,000 (2019: $247,000).

13. Share capital and capital reserve

The following table summarises the share capital of HeiQ for the periods presented:

	Number of shares No.	Share capital $'000	Capital reserve $'000	Total $'000
Balance as at 31 December 2019 *(audited)*	**544,183**	**2,696**	**25,168**	**27,864**
Issue of shares to employees	9,000	45	558	603
Balance as at 30 June 2020 *(unaudited)*	**553,183**	**2,741**	**25,726**	**28,467**

The changes to the issued share capital of HeiQ during the six-month period ended 30 June 2020 were as follows:

- on 25 June 2020, HeiQ issued 9,000 HeiQ Shares to employees in respect of contractual obligations for a total consideration of $603,000; and
- the HeiQ Shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per HeiQ Share at meetings of HeiQ Shareholders. As at 30 June 2020, the HeiQ Shareholders authorised the HeiQ Directors to issue up to a further 111,000 new HeiQ Shares in the period up to November 2020. In addition, the HeiQ Directors are authorised to issue 3,240 new HeiQ Shares to employees without time limit.

14. Other non-current and current liabilities

Other non-current liabilities	Audited As at 31 December 2019 $'000	Unaudited As at 30 June 2020 $'000
Defined benefit obligation IAS 19	1,920	2,138
Payables related to the acquisition of the Chem-Tex Assets	856	61
Other liabilities	4	—
Total other non-current liabilities	**2,780**	**2,199**
Other current liabilities		
Payables related to the acquisition of the Chem-Tex Assets	1,247	1,882
Total other current liabilities	**1,247**	**1,882**

15. Notes to the statements of cash flows

Net debt reconciliation

Six months ended 30 June 2020	Opening balances $'000	New agreements $'000	Cash movements $'000	Foreign exchange differences $'000	Closing balances $'000
Cash and cash equivalents	3,603	—	(10)	50	3,643
Leases	(2,784)	—	191	—	(2,593)
Borrowings	(2,478)	—	(792)	(54)	(3,324)
Totals	**(1,659)**	**—**	**(611)**	**(4)**	**(2,274)**

Six months ended 30 June 2019	Opening balances $'000	New agreements $'000	Cash movements $'000	Foreign exchange differences $'000	Closing balances $'000
Cash and cash equivalents	2,163	—	(1,147)	12	1,028
Leases	(3,162)	(9)	194	—	(2,977)
Borrowings	(1,522)	—	(923)	(16)	(2,461)
Totals	**(2,521)**	**(9)**	**(1,876)**	**(4)**	**(4,410)**

16. Related party transactions

Two companies controlled by a director of HeiQ USA, are the landlord for two buildings in the United States which are leased to HeiQ USA. These leases have been capitalised as right-of-use assets in accordance with IFRS 16 *"Leases"*. The total amount paid during the six months ended 30 June 2020 was $80,000 (30 June 2019: $80,000).

A company, of which a director of HeiQ is a significant shareholder, supplied materials and services totalling $48,000 in the year ended 31 December 2019 (2018: $43,000; 2017: $68,000).

The above transactions were entered into on normal commercial terms on an arm's length basis.

17. Material subsequent events

On 10 September 2020, HeiQ Iberia Unipessoal Lda, a wholly owned subsidiary of HeiQ, was incorporated in Portugal.

On 25 September 2020, HeiQ issued 9,000 HeiQ Shares to employees in respect of contractual obligations for a total consideration of approximately $630,000.

On 23 October 2020, HeiQ disposed of its 49% shareholding in Microbe Investigations AG.

18. Ultimate controlling party

As at 30 June 2020, HeiQ did not have any one identifiable controlling party.

19. Nature of the HeiQ Group Interim Financial Information

The HeiQ Group Interim Financial Information presented above does not constitute statutory financial statements for the periods under review.

PART IX

UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION (A) – ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

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12 November 2020

The Directors and Proposed Directors
Auctus Growth plc
15 Whitehall
London SW1A 2DD

Dear Sirs,

Introduction

We report on the unaudited pro forma statement of financial position as at 30 June 2020 and on the unaudited pro forma statement of comprehensive income for the six-month period then ended (together, the "**Pro Forma Financial Information**") set out in Section (B) *"Unaudited Pro Forma Financial Information"* of Part IX *"Unaudited Pro Forma Financial Information"* of Auctus Growth plc's (the "**Company**") prospectus (the "**Document**") dated 12 November 2020, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the readmission of the Company and its securities to trading on the standard segment of the Official List of the FCA and the:

- the acquisition by the Company of the entire issued share capital of HeiQ Materials AG;
- the issue of 106,759,900 ordinary shares in the Company ("**Ordinary Shares**") at £1.12 each to satisfy the terms of the acquisition;
- the issue of 11,789,142 Ordinary Shares at £1.12 each in relation to the placing
- the issue of 6,068,000 Ordinary Shares at £1.12 each in relation to the subscription;
- the issue of 385,209 Ordinary Shares at £1.12 each in relation to certain of the costs associated with the acquisition, readmission and placing; and
- payment in cash of the remainder of the costs associated with the acquisition, readmission and placing,

might have affected the assets, liabilities, equity and earnings presented on the basis of the accounting policies adopted by the Company in preparing the unaudited interim financial information for the six months ended 30 June 2020. This report is required by Section 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the Directors and Proposed Directors of the Company to prepare the Pro Forma Financial Information in accordance with Section 1 and Section 2 of Annex 20 of Commission Delegated Regulation (EU) 2019/980.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors and Proposed Directors.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Declaration

For the purpose of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Document in compliance with item 1.2 of Annex 1 to the Commission Delegated Regulation (EU) 2019/980.

Yours faithfully,

Crowe U.K. LLP

Crowe U.K. LLP
Chartered Accountants

SECTION (B) – UNAUDITED PRO FORMA FINANCIAL INFORMATION

Set out below is the unaudited pro forma statement of financial position of the Company as at 30 June 2020 and the unaudited statement of comprehensive income of the Company for the six months then ended (together, the "**Pro Forma Financial Information**"). The Pro Forma Financial Information has been prepared on the basis of the accounting policies adopted by the Company in preparing the unaudited interim financial information for the six months ended 30 June 2020 and on the basis set out in the notes below, to illustrate the effects of:

- the Acquisition;
- the issue of the Consideration Shares;
- the issue of the Placing Shares at the Placing Price;
- the issue of the Subscriber Shares at the Placing Price;
- the issue of the Adviser Shares; and
- the settlement of the Transaction Costs,

on the assets, liabilities and equity of the Company had the Acquisition, Placing, Subscription and Readmission occurred on 30 June 2020 and on the earnings of the Company for the six months then ended had the Acquisition, Placing, Subscription and Readmission occurred on 1 January 2020. The Pro Forma Financial Information has been prepared for illustrative purposes only. Due of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position at this date or its earnings for the period then ended. It is based on the schedules used in preparing:

- the unaudited statement of financial position of the Company as at 30 June 2020 and the unaudited statement of comprehensive income for the six months then ended, which are incorporated by reference in Part VII *"Financial Information of the Company"* of this Document; and
- the unaudited statement of financial position of HeiQ Group as at 30 June 2020 and the statement of comprehensive income for the six months then ended, which are reproduced in Section (C) *"Unaudited Interim Financial Information of HeiQ Group"* of Part VIII *"Financial Information of HeiQ Group"* of this Document.

Users should read the whole of this Document and not rely solely on the Pro Forma Financial Information contained in this Section (B) *"Unaudited Pro Forma Financial Information"* of Part IX *"Unaudited Pro Forma Financial Information"* of this Document.

The report on the Pro Forma Financial Information is set out in Section (A) *"Accountant's Report on the Unaudited Pro Forma Financial Information"* of Part IX *"Unaudited Pro Forma Financial Information"* of this Document.

Unaudited pro forma statement of financial position

	Company As at 30 June 2020 (Note 1) £'000	*Adjustment* HeiQ Group adjustment (Note 2) £'000	*Adjustment* Acquisition and consolidation adjustments (Note 3) £'000	*Adjustment* Placing, Subscription and Transaction Costs (Note 4) £'000	Unaudited pro forma balances as at 30 June 2020 £'000
Intangible assets	—	3,675	—	—	3,675
Property, plant and equipment	—	3,117	—	—	3,117
Right-of-use assets	—	2,046	—	—	2,046
Investments	—	36	—	—	36
Deferred tax assets	—	334	—	—	334
Other non-current assets	—	73	—	—	73
Non-current assets	**—**	**9,281**	**—**	**—**	**9,281**
Inventories	—	6,324	—	—	6,324
Trade receivables	—	13,996	—	—	13,996
Other receivables	25	1,031	—	—	1,056
Cash and cash equivalents	780	2,962	—	18,316	22,058
Current assets	**805**	**24,313**	**—**	**18,316**	**43,434**
Total assets	**805**	**33,594**	**—**	**18,316**	**52,715**
Share capital	267	2,228	29,800	5,473	37,768
Share premium	994	20,915	66,628	13,040	101,577
Other reserve	—	(1,067)	1,067	—	—
Currency translation reserve	—	885	(885)	—	—
Merger reserve	—	—	(100,756)	(193)	(100,949)
Retained deficit	(470)	(4,146)	4,146	(4)	(474)
Non-controlling interests	—	9	—	—	9
Equity	**791**	**18,824**	**—**	**18,316**	**37,931**
Capital leases	—	1,867	—	—	1,867
Deferred tax liabilities	—	176	—	—	176
Other non-current liabilities	—	1,788	—	—	1,788
Non-current liabilities	**—**	**3,831**	**—**	**—**	**3,831**
Trade and other payables	14	1,965	—	—	1,965
Accrued liabilities	—	4,470	——	4,470	
Deferred revenue	—	20	—	—20	
Borrowings	—	2,713	—	—	2,713
Leases	—	241	—	—	241
Other current liabilities	—	1,530	—	—	1,530
Current liabilities	**14**	**10,939**	**—**	**—**	**10,939**
Total liabilities	**14**	**14,770**	**—**	**—**	**14,784**
Total equity and liabilities	**805**	**33,594**	**—**	**18,316**	**52,715**

Unaudited pro forma income statement

	Company Six months ended 30 June 2020 (Note 1) £'000	*Adjustment* HeiQ Group adjustment (Note 2) £'000	*Adjustment* Acquisition and consolidation adjustments (Note 3) £'000	*Adjustment* Placing, Subscription and Transaction Costs (Note 4) £'000	Unaudited pro forma results for the six months ended 30 June 2020 £'000
Revenue	—	24,495	—	—	24,495
Cost of sales	—	(10,441)	—	—	(10,441)
Gross profit	**—**	**14,054**	——	**14,054**	
Other operating income	—	730	——	730	
Selling and administrative expenses	—	(5,814)	—	(197)	(6,011)
Other operating expenses	(65)	(148)	—	—	(213)
Operating (loss)/profit	**(65)**	**8,822**	**—**	**(197)**	**8,560**
Other costs	—	(9)	—	—	(9)
Finance costs	—	(196)	—	—	(196)
(Loss)/income before tax	**(65)**	**8,617**	**—**	**(197)**	**8,355**
Taxation	—	(1,634)	—	—	(1,634)
(Loss)/income after tax	**(65)**	**6,983**	**—**	**(197)**	**6,721**
Other comprehensive income:					
Exchange differences on translation of foreign operations	—	506	—	—	506
Total comprehensive income for the period	**(65)**	**7,489**	**—**	**(197)**	**7,227**
Income attributable to:					
Shareholders	(65)	—	6,993	(197)	6,731
HeiQ Shareholders	—	6,993	(6,993)	—	—
Non-controlling interests	—	(10)	——	(10)	
	(65)	**6,983**	**—**	**(197)**	**6,721**
Comprehensive income attributable to:					
Shareholders	(65)	—	7,499(197)	7,237	
HeiQ Shareholders	—	7,499	(7,499)	——	
Non-controlling interests	—	(10)	—	—(10)	
	(65)	**7,489**	**—**	**(197)**	**7,227**

Notes

1. The financial information relating to the Company has been extracted without adjustment from the Company's unaudited historical financial information for the six months ended 30 June 2020 incorporated by reference in Part VII *"Financial Information of the Company"* of this Document.
2. The financial information relating to HeiQ Group has been extracted without adjustment from the HeiQ Group Interim Financial Information set out in Section (C) *"Unaudited Interim Financial Information of HeiQ Group"* of Part VIII *"Financial Information of HeiQ Group"* of this Document and translated from $ to £ at the rate of £1 to $1.23 as follows:

Statement of financial position:

	HeiQ Group As at 30 June 2020 $'000	*Adjustment* HeiQ Group As at 30 June 2020 £'000
Intangible assets	4,521	3,675
Property, plant and equipment	3,835	3,117
Right-of-use assets	2,516	2,046
Investments	44	36
Deferred tax assets	411	334
Other non-current assets	90	73
Non-current assets	**11,417**	**9,281**
Inventories	7,779	6,324
Trade receivables	17,215	13,996
Other receivables	1,268	1,031
Cash and cash equivalents	3,643	2,962
Current assets	**29,905**	**24,313**
Total assets	**41,322**	**33,594**
Share capital	2,741	2,228
Share premium	25,726	20,915
Other reserve	(1,312)	(1,067)
Currency translation reserve	1,089	885
Retained deficit	(5,100)	(4,146)
Non-controlling interests	11	9
Equity	**23,155**	**18,824**
Capital leases	2,296	1,867
Deferred tax liabilities	216	176
Other non-current liabilities	2,199	1,788
Non-current liabilities	**4,711**	**3,831**
Trade and other payables	2,417	1,965
Accrued liabilities	5,498	4,470
Deferred revenue	25	20
Borrowings	3,337	2,713
Leases	297	241
Other current liabilities	1,882	1,530
Current liabilities	**13,456**	**10,939**
Total liabilities	**18,167**	**14,770**
Total equity and liabilities	**41,322**	**33,594**

Income statement:

	HeiQ Group Six months ended 30 June 2020 $'000	*Adjustment* HeiQ Group Six months ended 30 June 2020 £'000
Revenue	30,129	24,495
Cost of sales	(12,842)	(10,441)
Gross profit	**17,287**	**14,054**
Other operating income	898	730
Selling and administrative expenses	(7,151)	(5,814)
Other operating expenses	(182)	(148)
Operating profit	**10,852**	**8,823**
Other costs	(11)	(9)
Finance costs	(241)	(196)
Income before tax	**10,600**	**8,618**
Taxation	(2,010)	(1,634)
Income after tax	**8,590**	**6,984**
Other comprehensive income:		
Exchange differences on translation of foreign operations	622	506
Total comprehensive income for the period	**9,212**	**7,489**
Income attributable to:		
HeiQ Shareholders	8,602	6,993
Non-controlling interests	(12)	(10)
	8,590	**6,983**
Comprehensive income attributable to:		
HeiQ Shareholders	9,224	7,499
Non-controlling interests	(12)	(10)
	9,212	**7,489**

3. The adjustment represents the acquisition by the Company of the entire issued share capital of HeiQ, satisfied by the issue of the 106,759,900 Consideration Shares at £1.12 per share. In accordance with IFRS, £32,028,000 has been allocated to share capital and £87,543,000 has been allocated to share premium.

   As part of the consolidation adjustments, HeiQ's share capital of £2,228,000, its share premium of £20,915,000, its other reserve of £(1,067,000), its currency translation reserve of £885,000 and its retained deficit of £(4,146,000) have been cancelled. The net effect of the acquisition cost and the cancellation of HeiQ's equity and reserves gives rise to a merger reserve of £100,756,000 on consolidation.
4. The adjustment of £18,316,000 to cash and cash equivalents represents the aggregate Gross Placing and Subscription Proceeds of £20,000,000, less the aggregate cash elements of the Transaction Costs payable by the Company and HeiQ of £1,684,000.

   The adjustments of £5,473,000 to share capital and £13,040,000 to share premium represent the issue of the Placing Shares and the Adviser Shares and settlement of the Transaction Costs.

   Of the £2,115,000 Transaction Costs, £1,684,000 will be paid in cash and £431,000 through the issue of the Adviser Shares.

   Of the £2,115,000 Transaction Costs, £1,603,000 has been allocated against share premium, £193,000 payable by HeiQ has been allocated against the merger reserve and £4,000 allocated against the retained deficit in accordance with IFRS

   The adjustment of £197,000 to selling and administrative expenses in the pro forma statement of comprehensive income represents the £193,000 Transaction Costs being paid by HeiQ and £4,000 of the Transaction Costs being paid by the Company in accordance with IFRS.
5. With respect to the adjustments to the unaudited pro forma income statement, only those adjustments set out in Note 4 will have a continuing impact on the Company.

PART X

TAXATION

Taxation in the UK

The following information is based on UK tax law and HMRC practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes) more than 10 per cent. of any of the classes of shares in the Company; or
- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

Dividends

Where the Company pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals will have a £2,000 per annum dividend tax allowance. Dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

Disposals of Ordinary Shares

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent., and for upper rate and additional rate taxpayers, is 20 per cent.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 19 per cent.

Further information for Shareholders subject to UK income tax and capital gains tax

"Transactions in securities"

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel *"tax advantages"* derived from certain prescribed *"transactions in securities"*.

Stamp duty and stamp duty reserve tax

No UK stamp duty or stamp duty reserve tax will be payable on the allotment and issue of Ordinary Shares pursuant to the Placing.

Most investors will purchase existing Ordinary Shares using the CREST paperless clearance system and these acquisitions will be subject to stamp duty reserve tax at 0.5 per cent. Where Ordinary Shares are acquired using paper (i.e. non-electronic settlement), stamp duty will become payable at 0.5 per cent. if the purchase consideration exceeds £1,000.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax positions and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

PART XI

ADDITIONAL INFORMATION

1. Responsibility statements

The Directors and the Proposed Directors, whose names appear on page 29, and the Company accept responsibility for the information contained in this Document and confirm that to the best of their knowledge, the information contained in this Document is in accordance with the facts and that the Document does not omit anything likely to affect its import.

2. The Company

The Company was incorporated and registered in England and Wales as a company limited by shares on 14 May 2014 under the Act, with the name Auctus Growth Limited and with registered number 09040064. On 24 July 2014, the Company was re-registered as a public limited company under the legal and commercial name Auctus Growth plc.

The registered office and principal place of business of the Company are set out on page 39 of this Document.

The Company is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules (and the resulting jurisdiction of the FCA) to the extent such rules to companies with a Standard Listing pursuant to Chapter 14 of the Listing Rules apply. The Company also operates in conformity with its Articles.

The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares are and will be created is the Act.

The liability of the members of the Company is limited to the amounts, if any, due to the Company in respect of shares held by them.

The accounting reference date of the Company is 31 December and the current accounting period will end on 31 December 2020.

As at the LPD, the Company does not have any subsidiaries. However, on Readmission the Company will be the holding company for HeiQ. The Enlarged Group will comprise the Company and the following subsidiaries:

Company	Location	Holding	Principal Activities
HeiQ	Schlieren (Zürich), Switzerland (registered office); Bad Zurzach, Switzerland (production site)	100% (direct)	R&D, marketing, trading, production, sales/admin office, group services and testing lab
HeiQ Shanghai ***(legal entity to be established)***	Shanghai, People's Republic of China	100% (indirect) ***(legal entity to be established)***	Sales office, testing lab, sourcing office and distribution
HeiQ Australia***	Australia	100% (indirect)	R&D and production
HeiQ USA	Concord, North Carolina, USA (branch in Calhoun, Georgia, USA)	100% (indirect)	R&D, testing lab, trading and production
HeiQ Taiwan	Taiwan	100% (indirect)	Sales office, testing lab and distribution
HeiQ Portugal	Portugal	100% (indirect)	R&D, sales office and testing
HeiQ GrapheneX AG	Switzerland	100% (indirect)	R&D, development and production of HeiQ GrapheneX

Company	Location	Holding	Principal Activities
HX Company Limited	Taiwan	66.7%* (indirect)	Trading and production
HeiQ Germany	Germany	50%** (indirect)	Regulatory Affairs Management for Biocidal Products Regulation

* the remaining 33.3% is held by Xefco Pty Ltd, 3 Grove St, Lilyfield NSW 2040, Australia
** the other 50% is held by RAS AG, An der Irler Höhe 3a D, 93055 Regensburg, Germany
*** HeiQ held a 50% interest up until May 2017, when it acquired the remaining 50%. HeiQ Pty Ltd comprised HeiQ Pty Ltd and its wholly owned subsidiary, HeiQ Australia Pty Ltd, until HeiQ Australia Pty Ltd filed for voluntary deregistration on 17 July 2020 as part of a consolidation of the local businesses into a single entity. Subsequently, the business name "HeiQ Australia" was registered on 20 July 2020 by HeiQ Pty Ltd to be used for trading purposes, HeiQ Australia Pty Ltd was deregistered on 24 September 2020 and the entities are now trading as one single entity.

3. Share Capital

As at 14 May 2014, the Company had an issued share capital of £3, comprising three fully paid ordinary shares of £1, issued to the Founders.

On 24 July 2014, the Company:

- subdivided the ordinary shares of £1 into 30 ordinary shares of £0.10 each; and
- the Company issued and allotted an additional 499,970 ordinary shares of £0.10 each for a total subscription price of £249,985.

On 22 August 2014, the Company issued and allotted an additional 1,940,000 ordinary shares of £0.10 each for a total subscription price of £970,000, bringing the total issued share capital to £244,000.

On 18 August 2015, the Company issued and allotted an additional 228,999 ordinary shares of £0.10 each for a total subscription price of £114,499.50, bringing the total issued share capital to £266,899.90.

As at the LPD, the Company has 2,668,999 ordinary shares of £0.10 each in the share capital of the Company.

Prior to Readmission and subject to Shareholder approval, the Company proposes to consolidate every three Existing Ordinary Shares of £0.10 each into one Ordinary Share of £0.30 each in the capital of the Company.

At the General Meeting, the following resolutions will be proposed:

- Resolution 1, to consolidate every three Existing Ordinary Shares of £0.10 each into one Ordinary Share of £0.30 each in the capital of the Company;
- Resolution 2, to authorise the Directors to allot and issue the New Ordinary Shares and to exercise any power of the Company to allot Ordinary Shares in the capital of the Company or grant rights to subscribe for or to convert any security into Ordinary Shares up to an aggregate nominal amount of £12,587,935;
- Resolution 3, which will be proposed as a special resolution, to disapply statutory pre-emption rights in respect of (i) the allotment of the Placing Shares, (ii) the allotment of the Subscription Shares and (iii) otherwise up to an aggregate nominal amount of £3,776,760.

Immediately following the issue of the Consideration Shares, the Placing Shares, the Subscription Shares and the Adviser Shares, the issued share capital of the Company will be 125,891,904 Ordinary Shares (following Consolidation).

4. General

Except as otherwise described herein, all the issued ordinary shares are in registered form and may be held in either certificated form or uncertificated form. The Registrar will be responsible for maintaining the Company's register of members and arranging for it to be kept at a location within the United Kingdom. Temporary documents of title will not be issued. The ISIN of the Existing Ordinary Shares is GB00BNGMVP25. The SEDOL of the Existing Ordinary Shares is BNGMVP2. Following Readmission, the

ISIN of the Ordinary Shares will be GB00BN2CJ299 and the SEDOL of the Ordinary Shares will be BN2CJ29.

The New Ordinary Shares will rank in full for all dividends or other distributions hereafter declared, paid or made on the share capital of the Company and will rank *pari passu* in all other respects with the Existing Ordinary Shares in issue on Readmission.

Prior to Completion, an application will be made for the Existing Ordinary Shares (following Consolidation) to be readmitted and the New Ordinary Shares to be admitted to a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules. It should be noted that the FCA will not have authority to (and will not) monitor the Company's compliance with any of the Listing Rules (other than those which apply to an issuer with a Standard Listing under Chapter 14 of the Listing Rules) and/or any provision of the QCA Corporate Governance Code which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

Except as stated in Part I "*Letter from the Chairman of the Company*" and this Part XI "*Additional Information*" of this Document:

- the Company does not have in issue any securities not representing share capital;
- there are no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
- no person has any preferential rights for any share capital of the Company; and
- no share or loan capital of the Company is currently under option or agreed conditionally or unconditionally to be put under option.

5. Major Shareholders

The Directors and Proposed Directors are aware of the following holdings of Existing Ordinary Shares which, as at the LPD, represent more than 3 per cent. of the Company's Existing Ordinary Shares or Voting Rights:

Shareholder	No. of Existing Ordinary Shares	Percentage of issued share capital (%)
Malcolm Burne	283,333	10.62
Richard Lockwood	273,333	10.24
AGAM	227,333	8.41
Michinoko Limited	200,000	7.49
Premier Miton Group plc	180,000	6.74

The Directors and Proposed Directors are aware that Premier Miton Group plc and Arlington Partners Fund Limited (which is managed by Arlington Group Asset Management Guernsey Limited and is in turn advised by AGAM) intend to subscribe under the Placing.

Save for the interests which are set out at paragraph 6 below, the Directors and Proposed Directors are aware of the following holdings of Ordinary Shares which, immediately following Readmission, will represent more than 3 per cent. of the Company's Ordinary Shares or Voting Rights:

Shareholder	Consideration Shares being sold in the Placing	No. of Ordinary Shares	Percentage of Enlarged Share Capital (%)
Amati Global Investors Limited	—	11,607,000	9.22
Bombyx Growth Fund SCSp	3,926,994	6,407,120	5.09
Premier Miton Group plc	—	6,827,500	5.42
FIL Limited	—	5,357,000	4.26
Darren Morcombe*	—	5,019,486	3.99
Mike Smith	4,268,629	4,268,628	3.39

* The shares include 251,281 Ordinary Shares to be issued upon Readmission in consideration of the consultancy services provided in relation to the Transaction and 163,829 Ordinary Shares which Darren Morcombe intends to subscribe for under the Subscription.

The Directors and Proposed Directors are aware that two major HeiQ Shareholders, Kemin Inc. and Zurcher Kantonalbank, are selling Consideration Shares pursuant to the Selling Shareholder Agreement and as a result, their shareholdings will reduce to 2.48 per cent. and 2.48 per cent. respectively. In addition, all Consideration Shares to be received by the inheritance administrator of Dr Werner Kolb's estate (an existing major HeiQ shareholder) are to be sold pursuant to the Selling Shareholder Agreement, reducing the shareholding to 0 per cent.

The Directors and Proposed Directors are aware of the following persons who intend to subscribe for more than 5 per cent. of the offer: FIL Limited, Ennismore Fund Management Limited, Canaccord Genuity Group Inc., Axa Investment Management Limited, Amati Global Investors Limited and Premier Ethical Fund (which forms part of the Premier Miton Group plc holding).

All of the Ordinary Shares shall rank *pari passu* in all respects.

Except for the holdings stated above, the Directors and Proposed Directors are not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

Any person who is directly or indirectly interested in 3 per cent. or more of the Company's issued share capital will be required to notify such interests to the Company in accordance with the provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules, and such interests will be notified by the Company to the public.

Those interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company do not now, and, following the Readmission, will not, have different voting rights from other holders of Ordinary Shares.

The Directors and their Connected Persons shall not be taking part in the Placing or Subscription.

6. Interests of the Directors, Proposed Directors and management and key personnel

The interests of the Directors (all of whom intend to resign upon Readmission) and Proposed Directors and their Connected Persons and the management and key personnel (whose names appear in Part V of this Document) in the share capital of the Company immediately following Readmission (all of which are beneficial) will be as follows:

Director/ Proposed Director/ Connected Person	Consideration Shares being sold in the Placing*	No. of Ordinary Shares	Percentage of Enlarged Share Capital (%)	Options (rounded)
Malcolm Burne	—	94,444	0.08	—
Nathan Steinberg**	—	22,999	0.02	—
Ross Ainger	—	—	—	—
Carlo Centonze***	—	13,854,146	11.00	1,120,000
Annica Centonze	1,299,123	669,216	0.53	—
Emanuele Centonze	1,288,299	1,288,108	1.02	—
Xaver Hangartner	—	493,746	0.39	1,120,000
Benjamin Bergo	—	284,853	0.23	—
Esther Dale-Kolb	902,986	902,986	0.72	—
David Bilbro	341,825	341,824	0.27	—
Dr Murray Height	843,167	8,018,063	6.37	910,000
Hoi Kwan Lam	—	664,658	0.53	910,000
Tobias Kerner	56,971	170,912	0.14	140,000
Walter Nassl	—	199,397	0.16	140,000
Celine Huang	—	56,970	0.05	350,000
Wayne Cate	—	56,960	0.05	140,000
Lee Howarth	—	—	—	350,000

* There are 71 Selling Shareholders in total, who have agreed to sell, in aggregate, 35,714,287 Consideration Shares in the Placing and whose business address is c/o HeiQ Materials AG, Ruetistrasse 12 8952 Schlieren Zürich Switzerland.
** The shares include 6,666 Ordinary Shares (on a post-consolidated basis) held by Nathan Steinberg's father.
*** 5,186,237 Ordinary Shares are registered in the name of Cortegrande AG, which is a company wholly owned by Carlo Centonze, of which he is the sole director.

7. Objects of the Company

The Company's objects are unrestricted.

8. Articles of Association

The current Articles of the Company are available at Companies House and at the address specified on page 29 of this Document. At the General Meeting, the Company is proposing to adopt new Articles pursuant to a special resolution, a summary of which is set out below. There are no provisions in the Articles that would have the effect of delaying, deferring or preventing a change in control of the Company.

- There are no rights of pre-emption in respect of transfers of issued Ordinary Shares. However, in certain circumstances, the Company's Shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to place new shares for allotment to existing Shareholders on a pro-rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares are offered to the Company's Shareholders.

- Each share confers the right to receive notice of and attend all meetings of Shareholders. Each holder of shares present at a general meeting in person or by proxy has one vote, and, on a poll, one vote for each share of which he is the holder.
- On a winding up, a liquidator may, on obtaining any sanction required by law, divide amongst the holders of the Company's shares (in specie or in kind) the whole or any part of the assets of the Company, and may, with the like sanction, determine how such diversion is to be carried out.
- The shares confer upon their holders the right to participate in any profits which the Company may from time to time determine to distribute in respect of any financial period.
- Subject to the provisions of the Act and if the profits of the Company justify such payments, the Board may declare and pay interim dividends on shares of any class of such amounts as and when they think fit. All dividends are apportioned and paid pro-rata according to the amounts paid on the shares. No dividend or other monies payable on or in respect of a share will bear interest as against the Company. The Board may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien, and may apply them towards the satisfaction of the debts, liability or engagements in respect of a lien. A dividend may be retained if a shareholder has failed to comply with the statutory disclosure requirements of the Act. Any dividend unclaimed for twelve years will be forfeited and revert to the Company.
- Subject to the provisions of the Act and to any rights attaching to existing shares, the Board may issue shares which can be redeemed at the option of the Company or the holder and the Board may determine the terms, conditions and manner of redemption.
- All or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class. At every such separate general meeting the quorum is two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.
- The Company may make arrangements for any class of its shares to be issued in uncertified form and in accordance with and subject as provided in the CREST Regulations and transfer of title of those shares shall be effected by means of relevant system in the manner provided for and subject as provided for in the CREST Regulations. Shares held in uncertificated form may be changed to certificated form.
- In order to transfer shares, the instrument of transfer of any such shares must be in any usual form or in such other form as may be approved by the Board, or in the case of shares in uncertificated form, by means of a relevant system as provided in the CREST Regulations. The Articles contain no restrictions on the free transferability of fully paid Ordinary Shares, provided that the transfer is permitted by the uncertificated securities rules or, for shares in certificated form, the transfer is in favour of not more than four transferees, the Company has no lien over the shares in question, the transfer is in respect of only one class of share, it is duly stamped or shown to the Board to be exempt from stamp duty and the provisions in the Articles relating to registration of transfers have been complied with

Key provisions of the rights attaching to the shares are set out below:

<u>Rights of Shareholders</u>
The Articles provide that each share confers upon the Shareholder:

- the right to one vote on a show of hands and on a poll to one vote for every share of which he is the holder at a meeting of the Shareholders (subject to to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights under the Articles);
- the right to receive dividends according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid by the Company; and
- the right in the distribution of the surplus assets of the Company on its liquidation to a share in proportion to the amount to which, at the commencement of the winding up, the shares held by him are paid up.

Shares may be purchased, redeemed or otherwise acquired for any consideration provided that such redemption or acquisition does not contravene the requirements of the Act.

Variation of rights

Subject to the provisions of the Act, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company may be varied or abrogated either with the consent in writing of the holders of not less than three quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles. The foregoing provisions of this paragraph shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied.

Payment of Dividends

Subject to the provisions of the Act and the Articles, the Company may, by ordinary resolution declare that dividends may be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

The Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Board that the profits available for distribution justify the payment. If the Board act in good faith, they do not incur any liability to the holders of shares for any loss they may suffer by the lawful payment of an interim dividend on any other class of shares ranking with or after those shares.

Unless otherwise provided by the rights attached to the shares, all dividends shall be declared and paid accordingly to the amounts paid up on the shares in respect of the period in which the dividend is paid, may be declared or paid in any currency and no dividend or other monies payable by the Company or in respect of a share shall bear interest as against the Company. The Board may deduct from any dividend in respect of a share all such sums as may be due from him or her to the Company on account of calls or otherwise in relation to the shares of the Company. The Board may, by ordinary resolution of the Company direct, or in the case of an interim dividend may without the authority of an ordinary resolution direct, that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company.

All dividends, interest or other sum payable and unclaimed for twelve months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having become due for payment shall (if the Board so resolves) be forfeited and cease to remain owing by the Company.

Pre-emption rights of Shareholders

Shareholders have pre-emption rights as set out in the Act, subject to any additional authority given by special resolution. The pre-emption provisions shall not apply to the allotment of any shares for a consideration other than cash or in connection with an employees' share scheme, and, accordingly, the Board may allot or otherwise dispose of any unissued shares in the capital of the Company for a consideration other than cash to such persons at such times and generally on such terms as they may think fit.

A reference in the foregoing paragraphs to the allotment of any shares includes the grant of a right to subscribe for, or to convert any securities into, shares but such reference does not include the allotment of any relevant shares pursuant to such a right.

Winding Up and Return of Capital

Under the Articles, on a voluntary winding up of the Company the liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of different kinds; and vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he, with the like sanction, shall determine.

If the Company is wound up, the liquidator may set the value he deems fair on a class or classes of property; and determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be earned out between members or classes of members. The liquidator may not, however, distribute to a member without his consent an asset to which there is attached a liability.

Disclosure of Interests in Shares

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules and section 793 of the Act apply to the disclosure of interests in shares.

Chapter 5 details the circumstances in which a person may be obliged to notify the Company that he has an interest in voting rights in respect of shares (a "notifiable interest"). An obligation to notify the Company arises: (a) when a person becomes or ceases to be interested (by way of a direct or indirect holding of shares or of certain "Qualifying Financial Instruments" (as defined in the Disclosure Guidance and Transparency Rules) or other instruments creating a long position on the economic performance of the shares) in three per cent. or more of the voting rights attaching to the shares; and (b) where such person's interests alters by a complete integer of one per cent. of the voting rights attaching to the shares.

The Act permits the Company to serve a notice on any person where the Company has reasonable cause to believe such person is interested in the shares or has been interested in the shares at any time during the three years immediately preceding the date on which the notice is issued. Such notice may require the person to confirm or deny that he has or was interested in the shares and, if he holds, or has during that time held, any such interest to give such further information as may be required in accordance with the Articles. Where such Shareholder fails to comply with the terms of the notice within the period specified in such notice the Shareholder will be in default (such Shareholder's shares being referred to as "Default Shares"). The Board may direct that voting rights and dividend rights be suspended in respect of Default Shares.

Under the Disclosure Guidance and Transparency Rules, a person must notify the Company of the percentage of its voting rights if, at any time after the date on which the Articles came into force, the percentage of voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (or a combination of such holdings):

- reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent.; or
- reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Articles.

A person shall not be required to aggregate his holdings in the circumstances prescribed in rule 5.4 of the Disclosure Guidance and Transparency Rules.

The Company must at the end of each calendar month during which an increase or decrease has occurred, notify to a RIS for distribution to the public the total number of voting rights and capital in respect of each class of share which it issues.

An obligation to give a notice to the Company in relation to notifying of the change in his percentage of voting rights shall be fulfilled as soon as possible and in any event before the end of the second working day after the relevant person learns the relevant threshold was reached or crossed.

In addition, under the Articles, and in accordance with the process set out under the Articles, where notice is served by the Company under section 793 of the Act (a "section 793 notice") on a member, or another person appearing to be interested in shares held by that member, and the member or other person has failed in relation to any shares (the "default shares", which expression includes any shares allotted or issued after the date of the section 793 notice in respect of those shares) to give the Company the information required within the prescribed period from the date of service of the section 793 notice, the following sanctions apply, unless the Board otherwise decide:

- the member shall not be entitled in respect of the default shares to be present or to vote (either in person, by proxy or by corporate representative) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- where the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class (excluding any share of their class held as treasury shares):
    - a dividend or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it, and the member shall not be entitled to elect, under Article 127, to receive shares instead of a dividend, and

- ○ no transfer of any certificated default shares shall be registered unless the transfer is an excepted transfer; or
  - the member is not himself in default in supplying the information required; and
  - the member proves to the satisfaction of the Board that no person in default in supplying the information required is interested in any of the shares the subject of the transfer.

The Company is subject to the City Code. Other than as provided by the City Code and the Act, there are no rules or provisions relation to mandatory bids and/or squeeze-out and sell-out rules relating to the Ordinary Shares.

9. Dividends and Distributions

Subject to the provisions of the Act, the Company's memorandum and Articles, the Board may declare dividends in money, shares or other property provided they determine the Company will pass the solvency test (i.e. the value of the Company's assets will exceed its liabilities and it will be able to meet its debts as they fall due).

10. City Code

The City Code applies to the Company.

The City Code is issued and administered by the Panel. The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on Takeover Bids (2004/25/EC) (the "**Directive**"). Following the implementation of the Directive by the Takeovers Directive (Interim Implementation) Regulations 2006 and subsequently by Part 28 of the Act, the rules in the City Code which are derived from the Directive now have a statutory basis.

The City Code applies to all takeovers and merger transactions, however effected, where, *inter alia*, the offeree company is a public company which has its registered office in the United Kingdom, the Isle of Man or the Channel Islands, if the company has its securities admitted to trading on a regulated market in the United Kingdom or on any stock exchange in the Channel Islands or the Isle of Man. The City Code will therefore apply to the Company from Readmission and its Shareholders will be entitled to the protection afforded by the City Code.

Under Rule 9 of the City Code, where: (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which he is already interested and in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company subject to the City Code; or (ii) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% but does not hold more than 50% of the voting rights of such a company, if such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, except with the consent of the Panel, he must make a general offer to the holders of any class of equity share capital, whether voting or non-voting, and also to the holders of any other class of transferable securities carrying voting rights to acquire the balance of the shares not held by him and his concert party.

Save where the Panel permits otherwise, an offer under Rule 9 of the City Code must be in cash and at the highest price paid within the 12 months prior to the announcement of the offer for any shares in the company by the person required to make the offer or any person acting in concert with him. Offers for different classes of equity share capital must be comparable; the Panel should be consulted in advance in such cases.

The Act provides that if an offer is made in respect of the issued share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it has received acceptances amounting to 90% in value of the shares to which the offer relates, subject to the rights of any Shareholders who have not accepted the offer to apply to the court for relief. Certain time limits apply.

11. Working Capital

The Company is of the opinion that the working capital available to the Enlarged Group is for at least the next 12 months from the date of this Document sufficient for its present requirements.

12. Directors and Proposed Directors

The Company's Directors as at the date of this Document will resign on Completion. The Proposed Directors who will be appointed with effect from Readmission currently hold or have held directorships, partnerships or positions on the administrative, management or supervisory bodies of the following companies within the five years prior to the publication of this Document (other than in respect of HeiQ and its subsidiary companies).

Director	Current Directorships/ Partnerships	Past Directorships/ Partnerships
Carlo Centonze	• Cortegrande AG • Emanuele Centonze Holding AG and subsidiaries ECSA Maintenance AG, ECSA Chemicals AG and Porta Ticino Easy Stop SA • scienceindustries	
Xaver Hangartner		• Songwon International AG, Switzerland • Microbe Investigations AG
Benjamin Bergo	• Lumos Diagnostics Holdings Pty Ltd (Australia) and subsidiaries • Visus Therapeutics, Inc. (USA)	• Cytomatrix Limited (Australia) • Planet Innovation Holdings Limited (Australia) • Planet Innovation, Inc • Nohla Therapeutics, Inc. (USA) • Nohla Therapeutics Australia Pty Ltd • Harness Advisory Pty Ltd • i1 Sensortech Inc. (trading as Athlete Intelligence) (USA) • Preora Healthcare Pty Ltd • Rapid Pathogen Screening, Inc
Karen Brade	• Augmentum Fintech plc • Keystone Investment Trust plc • World Child Cancer Trustees • Meadow Arts • Aberdeen Japan Investment Trust plc • Moor Park Charitable Trust Limited • Albion Capital investment committee (external member)	• DRI Healthcare plc • Crown Place VCT plc • The Hereford Cathedral Perpetual Trust • CP2 VCT plc (voluntary liquidation) • CP1 VCT plc (voluntary liquidation)
Esther Dale-Kolb	N/A	N/A

None of the Proposed Directors has at any time within the last five years:

- had any convictions in relation to fraudulent offences;
- been declared bankrupt or been the subject of any individual voluntary arrangement;
- been associated with any bankruptcy, receivership or liquidation in his or her capacity as director or senior manager;
- been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);
- been disqualified by a court from acting as a director;
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company;

- been a partner or senior manager in a partnership which, while he or she was a partner or within twelve months of his or her ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement;
- owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he or she was a partner at that time or within the twelve months preceding such event; and/or
- been a director or senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time during which he or she was a director or senior manager of that company or within twelve months of his or her ceasing to be an a director or senior manager.

Save as set out in paragraph 20 (Related Party Transactions) and paragraph 23 (Material Contracts) of this Part XI of this Document and in respect of their respective interests and duties as Directors, Proposed Directors and members of the management and key personnel of HeiQ as applicable, none of the Directors, Proposed Directors or members of the management and key personnel of HeiQ has any actual or potential conflicts of interest between their duties to the Company or Enlarged Group as applicable and their private interests or other duties.

13. Existing Directors' remuneration

No remuneration was received by any member of the Board during the three years ended 31 December 2019 pursuant to a remuneration policy adopted in 2015. Ross Ainger was appointed on 10 January 2020 and receives £20,000 per annum.

14. Proposed Directors' terms of employment

Company

Carlo Centonze has been appointed by the Company to act as executive director under a service agreement dated 12 November 2020. His appointment as an executive director shall commence from Readmission and is terminable on 12 months' written notice on either side. He is entitled to a fee of £35,000 per annum to act as executive director of the Company. In addition to this contract with the Company, Carlo Centonze will enter into a new employment contract with HeiQ upon Readmission. Pursuant to this employment contract, Carlo Centonze is required to devote the whole of his time, attention and abilities during working hours to the affairs of HeiQ. Under this employment contract, Carlo Centonze will receive a salary of CHF 310,000 per annum, less the £35,000 fee to be received under the service agreement with the Company. The notice period of the employment contract will be aligned with the notice period in his executive director contract.

Xaver Hangartner has been appointed by the Company to act as executive director under a service agreement dated 12 November 2020. His appointment as an executive director shall commence from Readmission and is terminable on 12 months' written notice on either side. He is entitled to a fee of £35,000 per annum to act as executive director of the Company. In addition to this contract with the Company, Xaver Hangartner will enter into a new employment contract with HeiQ upon Readmission. Pursuant to this employment contract. Xaver Hangartner will be required to devote the whole of his time, attention and abilities during working hours to the affairs of HeiQ. Under this employment contract, Xaver Hangartner will receive a salary of CHF 220,000 per annum, less the £35,000 fee to be received under the service agreement with the Company. The notice period of the employment contract will be aligned with the notice period in his executive director contract.

Esther Dale-Kolb has been appointed by the Company to act as a non-executive Chairwoman under a letter of appointment dated 12 November 2020. Her appointment as a non-executive director shall commence from Readmission, and is terminable on three months' written notice on either side. She is entitled to a fee of £70,000 per annum.

Benjamin Bergo has been appointed by the Company to act as a non-executive director under a letter of appointment dated 12 November 2020. His appointment as a non-executive director shall commence from Readmission, and is terminable on three months' written notice on either side. He is entitled to a fee of £35,000 per annum plus £5,000 for acting as chair of the Remuneration Committee.

Karen Brade has been appointed by the Company to act as a non-executive director under a letter of appointment dated 12 November 2020. Her appointment as a non-executive director shall commence from

Readmission, and is terminable on three months' written notice on either side. She is entitled to a fee of £35,000 per annum, plus £5,000 for acting as chair of the Audit Committee and a single sign-on fee of £10,000.

None of the Directors or Proposed Directors are entitled to benefits upon termination of their employment under the terms of their service contracts.

15. Pension Arrangements

Company

There are currently no pensions or other similar arrangements in place with the Directors. Upon Readmission, Carlo Centonze and Xaver Hangartner shall continue to receive any existing pension benefits under their employment contracts with HeiQ. For the financial year ended 31 December 2019, the total amount set aside to provide for the pensions of Carlo Centonze and Xaver Hangartner was CHF 23,283.65.

16. Litigation

Company

There are not and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

HeiQ Group

There are not and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which HeiQ is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on HeiQ Group's financial position or profitability.

17. Employees and Premises

Company

The Company has not had any employees other than its directors since incorporation and does not own any premises.

HeiQ Group

Details of the HeiQ Group employees are set out in Part V *"Information on HeiQ and Industry Review"* Section A and paragraph 10 of Part VIII Section (B) *"Historical Financial Information of HeiQ Group"* of this Document.

Following the Acquisition, the Enlarged Group will have approximately 106 employees.

The Company has adopted the HeiQ plc Option Scheme. Under the Option Scheme, awards may be made only to employees and executive directors. Details of the Option Scheme are set out in Part I "*Letter from the Chairman of the Company*" of this Document. The Option Scheme shall replace any existing entitlements to HeiQ Shares currently set out in certain employees employment contracts. All entitlements for the year ended 31 December 2020 have been settled and HeiQ proposes to introduce new employment contracts from 1 January 2021.

HeiQ Group does not own any freehold properties. HeiQ Group has the following principal leasehold interests:

Tenant	Landlord	Address	Lease	Rent
HeiQ	Next Immobilien SA, v.d. Halter AG	Apartment at Parkallee 46, 8952 Schlieren, Switzerland	Indefinite with 3 month notice period	CHF 28,632 plus down-payment of CHF 3,720 on account of ancillary costs per annum
HeiQ	Stadt Schlieren	Office and parking spaces at Rütistrasse 12 + 14, Schlieren, Switzerland	Office: term ending 30 September 2021 and extended to 30 September 2026; Parking spaces: indefinite with 2 month notice period	CHF 70,315.80 plus down-payment of CHF 26,040.00 on account of ancillary costs per annum and CHF 11,280 for parking spaces
HeiQ	Solvay (Schweiz) AG	Storage, office and parking space at Industriepark Bad Zurzach, Switzerland	Indefinite with 6 month notice period	CHF 7,424 per month
HeiQ USA	BSP Enterprises, LCC	180 Gee Road, Calhoun, GA 30701, USA	5 year term ending 14 May 2022	$6,250.00 per month plus utilities
HeiQ USA	ChemTex Laboratories, Inc.	2725 Armentrout Drive, Concord, North Carolina 28025, USA	5 year term ending 14 May 2022	$7,083.00 per month plus utilities

18. Intellectual Property Rights, Contracts and Manufacturing Processes

Company

There are no patents or other intellectual property rights, licences, particular contracts or new manufacturing processes which are of fundamental importance to the business of the Company.

HeiQ Group

HeiQ aims to achieve market differentiation through innovation. Innovation at HeiQ emphasises both technology and marketing activities. Technology driven activities span competencies in scientific research and speciality materials manufacturing. Development of new technologies has an emphasis on synthesis and scale-up industrial production of new materials that can help achieve novel functionality in comparison to conventional products in the market.

Towards this objective, HeiQ has built multiple technology platforms that support the development, scale-up and industrial deployment of new materials and products:

- Flame Spray Pyrolysis;
- Short Polymer Fibres;
- Synthesis and polymerization;
- Textile finish formulation; and
- Physical and chemical vapour deposition.

The above platforms provide HeiQ a pathway to bring novel materials and products through to the key market segments that HeiQ is involved in. New manufacturing processes and platforms are pursued when they are believed to be justified by either the need to realise industrial scale production of novel materials or where there are opportunities for significant capture of competitive know-how and/or margin in the produced materials.

Patents are a feature of HeiQ's efforts to develop and protect technology platform capabilities that can yield unique products. Patents are sought that protect aspects of process methods and materials derived from the processes. The technology platforms and key capability areas are also protected through significant levels of know-how. HeiQ currently supports 9 patent families and continues to pursue new patentable technologies. In addition to the directly owned patent portfolio, HeiQ also engages in patent licenses with allied technology partners.

Contracts with industrial suppliers and commercial partners are also a feature for engaging with supply chain and path to market partners. The HeiQ marketing platform has a significant emphasis on building a portfolio of registered trademarks to support the broader branding strategy of the business. HeiQ holds a portfolio of trademarks and trademark applications in various jurisdictions, each either referring to the name "HeiQ", to product lines or to combinations thereof.

19. Dilution of Ordinary Share Capital

The issue of the Placing Shares, the Consideration Shares, the Subscription Shares and the Adviser Shares will result in the Existing Shareholders' shareholding of 2,668,999 Existing Ordinary Shares being diluted so as to constitute 0.71 per cent. of the Enlarged Share Capital. Therefore any Existing Shareholder who is not participating in the Placing and who is not receiving any Consideration Shares, Subscription Shares or Adviser Shares will see their holding in the Company diluted by 99.3 per cent.

20. Related Party Transactions

Company

The Company is not party to any transactions with related parties, for the period covered by the Company Financial Information and the Company Interim Financial Information up to the date of this Document.

HeiQ Group

Two companies controlled by a director of HeiQ USA, are the landlord for two buildings in the United States which are leased to HeiQ USA. The total amount paid during the year ended 31 December 2019 was $160,000 (2018: $160,000, 2017: $100,000).

A company, of which a director of HeiQ is a significant shareholder, supplied materials and services totalling $48,000 in the year ended 31 December 2019 (2018: $43,000; 2017: $68,000).

In the year ended 31 December 2018, a director of a subsidiary provided consultancy services for a total of $78,000 (2017: $246,000). As at 31 December 2019, the amount outstanding under these arrangements was $nil (2018: $nil, 2017: $43,000).

Save as disclosed above, HeiQ is not party to any transactions with related parties, for the period covered by the HeiQ Group Financial Information and the HeiQ Group Interim Financial Information up to the date of this Document.

21. Significant Change

Company

Since 30 June 2020, there have been no significant changes in the financial performance, financial position or trading position of the Company, save for:

- the cash payment of £31,374 of administrative expenses; and
- the cash receipt of £8,967 from a VAT refund,

giving rise to a net cash outflow of £22,407 in the period to the date of this Document.

HeiQ Group

Since 30 June 2020, there have been no significant changes in the financial performance, financial position or trading position of HeiQ Group.

22. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. Accordingly, settlement of transactions in the Ordinary Shares following Readmission may take place within CREST if any Shareholder so wishes. However, CREST is a voluntary system and Shareholders who wish to receive and retain share certificates are able to do so.

23. Material contracts

Set out below is a summary of each material contract, other than contracts entered into in the ordinary course of business, which has either been entered into by the Company or HeiQ within the two years immediately preceding publication of this Document or contains an obligation or entitlement which is material as at the date of this Document.

Company

Registrar Agreements

The Registrar Agreement was entered into between the Company and the Registrar on 30 July 2014 for a fixed term of two years and thereafter until terminated by either party giving to the other not less than six months' notice. Under the agreement, the Registrar shall provide a registration and transfer office for the Company at such place as the Registrar may select within the United Kingdom. The Registrar shall not be responsible for any loss in respect of any matter relating to the Company's register of members or any document issued by or on behalf of the Company prior to the commencement of the agreement. The Company indemnifies the Registrar for any loss resulting from judgements or claims against the Registrar. The Company also appointed the Registrar under a letter of appointment dated 12 June 2020, specifically in relation to the Consolidation.

Placing Agreement

Conditional on Readmission, the Company, the Directors, the Proposed Directors, AGAM and Cenkos entered into a Placing Agreement, dated 12 November 2020, pursuant to which AGAM and Cenkos agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers for the Placing Shares.

The Placing Agreement provides for AGAM and Cenkos to be paid an aggregate cash commission of 4.5 per cent. of the aggregate value at the Placing Price of the Placing Shares and the Consideration Shares to be sold by the Selling Shareholders pursuant to the Selling Shareholder Agreement, to be shared between AGAM and Cenkos, paid immediately upon Completion. The Placing Agreement also provides for corporate finance fees of £125,000 to be paid to AGAM and £25,000 to be paid to Cenkos. AGAM and Cenkos have agreed to subscribe for the Adviser Shares for an amount equal to their respective corporate finance fees.

Any commission received by AGAM or Cenkos may be retained and any Placing Shares acquired by AGAM or Cenkos may be retained or dealt in, by it, for its own benefit.

In addition, under the Selling Shareholder Agreement, Selling Shareholders will pay an administration fee of 0.5 per cent. to HeiQ and 0.5 per cent. (rounded up to the nearest £5) in respect of stamp duty.

Subscription Agreements

The Company has entered into Subscription Agreements with a number of Subscribers. Pursuant to these agreements, the Company has agreed to issue 6,068,000 Subscription Shares to the Subscribers, for an aggregate subscription price of £6,796,160. The Subscribers have provided the Company with customary undertakings, amongst other things, that they have relied upon publicly available information as the basis of their decision to subscribe, they are entitled to subscribe under applicable legislation and that their commitments are irrevocable. The Company has agreed to pay AGAM and Cenkos an aggregate cash commission of 4.5 per cent. of the aggregate value of the funds raised under the Subscription, to be shared between AGAM and Cenkos. The Subscription is conditional, *inter alia*, upon completion of the Acquisition and Readmission.

Lock-In Agreements

Conditional on Readmission, Bombyx Growth Fund SCSp, Murray Height, Carlo Centonze, Xaver Hangartner, Mike Smith, Kemin Inc., Zurcher Kantonalbank, Cortegrande AG, Esther Dale-Kolb, Benjamin Bergo, Hoi Kwan Lam and Walter Nassl have each entered into a lock-in agreement with the Company and Cenkos in relation to the Consideration Shares received by them. Pursuant to the terms of the agreement each of Bombyx Growth Fund SCSp, Murray Height, Carlo Centonze, Xaver Hangartner, Mike Smith, Kemin Inc., Zurcher Kantonalbank, Cortegrande AG, Esther Dale-Kolb, Benjamin Bergo, Hoi Kwan Lam and Walter Nassl have agreed that, without the prior written consent of Cenkos, for a period of 12 months from Readmission they will not transfer or dispose of any Consideration Shares they hold and, for a further 12 months thereafter, the Consideration Shares must only be transferred or disposed of in accordance with orderly marketing arrangements.

Acquisition Agreement

The Acquisition Agreement was entered into between the Company and the HeiQ Shareholders on 12 November 2020 pursuant to which, the HeiQ Shareholders will transfer their entire shareholdings in HeiQ to the Company in exchange for the Consideration Shares. Further details of this agreement are set out in Part I of this Document.

AGAM Financial Advisory Agreement

The Company entered into a Financial Advisory Agreement with AGAM on 21 September 2020, whereby AGAM agreed to provide advisory services in relation to the Transaction and post-Readmission, for a period of 12 months following Readmission and continuing on a three month rolling basis thereafter. The Company is required to give AGAM three months' prior written notice if it wishes to terminate the agreement on the first anniversary. The Company indemnifies AGAM for certain claims, costs, proceedings, damages and expenses awarded against or incurred by AGAM as a result or in connection with a material breach or negligent performance of the agreement by the Company.

Financial PR Engagement Letter

The Company entered into an agreement with Newgate Communications Limited, which took effect from 12 October 2020, whereby Newgate Communications agreed to provide financial PR consultancy services to the Company in relation to the Transaction for a fee of £12,000.

Other Material Contracts

Other than the Proposed Directors' service agreements, letters of appointment and the contracts summarised above, the Company has not entered into any other material contracts.

HeiQ Group

AGAM Engagement Letter

HeiQ and AGAM entered into an engagement letter dated 18 June 2020, whereby AGAM agreed to act as the Company and HeiQ's financial adviser and capital raiser. Pursuant to the engagement letter, AGAM has also agreed to provide the Enlarged Group company secretarial support for twelve months following.

In consideration for its services, AGAM is entitled to:

- a transaction fee to be paid in relation to AGAM's role as financial adviser, which AGAM agrees to use to subscribe for Ordinary Shares at the same price as the Placing Shares;
- a commission on all Placing Shares and Consideration Shares to be sold by the Selling Shareholders sold or offered;
- an additional amount of commission payable at the Company's discretion; and
- a twelve month exclusivity period post Readmission on the investors introduced in respect of the Placing and Acquisition, and on any capital raising by the Enlarged Group for a period of twelve months.

For details of the transaction fee and commission structure please see the details of the Placing Agreement set out above in this Part XI of this Document. Where any terms of the engagement letter differ to the Placing Agreement, the Placing Agreement shall take precedence.

The appointment shall terminate on 30 November 2020 (unless extended by mutual agreement in writing), or upon completion of the Transaction, whichever is earlier, or unless terminated by AGAM upon giving 30 days' written notice to that effect to the Enlarged Group, or with immediate effect at the election of either party following a material breach of the terms of the engagement by the other party. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, actions brought against AGAM. The agreement was still in full force and effect as at the LPD.

Cenkos Engagement Letter

HeiQ and Cenkos entered into an engagement letter dated 28 September 2020, whereby Cenkos agreed to act as HeiQ's placing agent and joint broker.

In consideration for its services, Cenkos is entitled to:

- a corporate finance fee to be paid in relation to Cenkos' role as placing agent and joint broker, which Cenkos agrees to use to subscribe for Ordinary Shares at the same price as the Placing Shares; and
- a commission on all Placing Shares and Consideration Shares to be sold by the Selling Shareholders sold or offered; and
- an additional amount of commission payable at HeiQ's discretion.

For details of the transaction fee and commission structure please see the details of the Placing Agreement set out above in this Part XI of this Document. Where any terms of the engagement letter differ to the Placing Agreement, the Placing Agreement shall take precedence.

The appointment shall terminate on the earlier of receipt by Cenkos of all fees payable, the expiry of one month's written notice by either party or the expiry of written notice by Cenkos to HeiQ for *inter alia*, material breach. The agreement contains certain undertakings and indemnities given by HeiQ in respect of, *inter alia*, actions brought against Cenkos. The agreement was still in full force and effect as at the LPD.

Darren Morcombe Engagement Letter

On 6 June 2020, HeiQ and Darren Morcombe entered into an engagement letter whereby Darren Morcombe agreed to act as HeiQ's corporate adviser for the purposes of the Transaction. In consideration for his services, Darren Morcombe is entitled to:

- a daily rate of CHF800 payable monthly; and
- subject to Readmission, the issue of Ordinary Shares equal to 0.2 per cent. of the total number of Existing Ordinary Shares (following Consolidation), Consideration Shares, Placing Shares, Subscriber Shares and Adviser Shares to be subscribed for by AGAM and Cenkos immediately following Completion (being certain Adviser Shares that Darren Morcombe has agreed to subscribe for).

The appointment may be terminated by Darren Morcombe upon giving four weeks' notice to HeiQ, by HeiQ with immediate effect with just cause or upon one week's notice without just cause, or by mutual agreement. The agreement was still in full force and effect as at the LPD.

Paycheck Protection Program Promissory Note and Agreement

On 3 May 2020, HeiQ USA entered into a Promissory Note and Agreement with Wells Fargo Bank, N.A., under the Paycheck Protection Program (an emergency lending program set up by the United States Small Business Association to help businesses keep their workforce employed during the COVID-19 crisis). The principal amount of the loan is $449,198 with a fixed interest rate of 1 per cent.. Generally, loans made under the program will be forgiven if all employee retention criteria are met and the funds are used for eligible expenses. However, loans may not be forgiven if the borrower defaults on the loan. The Acquisition may constitute an event of default pursuant to the provisions of the agreement, which may result in the full amount becoming immediately payable by HeiQ USA. Wells Fargo Bank, N.A. has confirmed it will consider a waiver to the provisions after completion of the Acquisition.

Other Material Contracts

Other than the contracts summarised above, HeiQ has not entered into any other material contracts.

24. Capitalisation and Indebtedness

Company (capitalisation)

The Company's capitalisation as at 30 September 2020, as extracted from the Company's unaudited management information as at that date, is summarised as follows:

	Unaudited **As at 30 September 2020 £**
Share capital	266,900
Share premium	994,271
Retained deficit	(598,984)
Total capitalisation	**662,187**

Statement of material change

There has been no material change in the capitalisation of the Company since 30 September 2020.

Company (indebtedness)

The Company's indebtedness as at 30 September 2020, as extracted from the Company's unaudited management information as at that date, is summarised as follows:

	Unaudited **As at 30 September 2020 £**
Total Current Debt	
— Guaranteed	—
— Secured	—
— Unguaranteed / Unsecured	—
Total Current Debt	
— Guaranteed	—
— Secured	—
— Unguaranteed / Unsecured	—
Total indebtedness	**—**

Statement of material change

There has been no material change in the indebtedness of the Company since 30 September 2020.

Cash resources

As at the LPD, the Company had cash resources of £651,150.87.

HeiQ Group (capitalisation)

HeiQ Group's capitalisation as at 31 August 2020, as extracted from HeiQ Group's unaudited management information as at that date, is summarised as follows:

	Unaudited **As at 31 August 2020 $'000**
Share capital	2,742
Capital reserve	25,721
Other reserve	(1,312)
Currency translation reserve	1,891
Retained deficit	(4,174)
Non-controlling interest	11
Total capitalisation	**24,879**

Statement of material change

There has been no material change in the capitalisation of HeiQ Group since 31 August 2020, save for the issue of 9,000 HeiQ Shares on 25 September 2020 to employees in respect of contractual obligations for a total consideration of approximately $630,000.

HeiQ Group (indebtedness)

HeiQ Group's indebtedness as at 31 August 2020, as extracted from HeiQ Group's unaudited management information as at that date, is summarised as follows:

	Unaudited **As at 31 August 2020 $'000**
Total Non-Current Debt	
— Guaranteed	—
— Secured	—
— Unguaranteed / Unsecured	4,348
Total Current Debt	
— Guaranteed	—
— Secured	—
— Unguaranteed / Unsecured	7,227
Total indebtedness	**11,575**

Statement of material change

There has been no material change in the indebtedness of HeiQ Group since 31 August 2020.

Cash resources

As at the LPD, HeiQ Group had cash resources of $3,715,887.

25. General financial matters

For the period covered by the historical financial information of the Company, the auditors of the Company were F. W. Smith, Riches & Co. F.W. Smith, Riches & Co. are Chartered Accountants and Registered Auditors and are based at 15 Whitehall, London, SW1A 2DD and are regulated by the Institute of Chartered Accountants in England and Wales.

Save as disclosed in the Pro Forma Financial Information set out in Section (B) *"Unaudited Pro Forma Financial Information"* of Part IX *"Unaudited Pro Forma Financial Information"* of this Document, there are no effects on the assets and liabilities of the Company as a result of the Acquisition, Placing, Subscription and Readmission.

26. Other Information

Except for the Company's obligations to issue and allot Ordinary Shares pursuant to the Placing, Subscription and Acquisition, including the Adviser Shares, and pursuant to the Option Scheme, there are no rights and/or obligations over the Company's unissued share capital nor does there exist any undertaking to increase the Company's share capital.

Except for the Acquisition, the Company has no significant investments in progress. Details of HeiQ's investments in two associate companies are set out in paragraph 7 *"Associate Companies"* of Part VIII Section (B) *"Historical Financial Information of HeiQ Group"*. Since the period covered by the HeiQ Group Financial Information, HeiQ has entered into a joint venture agreement with a view to establishing HeiQ Medica S.L., a joint venture in Spain, in which HeiQ will invest circa £130,000 for a 50.01% shareholding. HeiQ is also negotiating a joint venture in India, HeiQ-Anabio, in which HeiQ will invest circa £130,000 for a 50.01% shareholding. Both investments are to be borne by HeiQ from its existing funds. On 23 October 2020, HeiQ disposed of its 49% shareholding in Microbe Investigations AG.

No exceptional factors have influenced the Company's or HeiQ's activities.

The Transaction Costs are estimated at £2,115,000, including VAT and are payable by the Company out of existing cash reserves, HeiQ out of existing cash reserves, by way of issuing Adviser Shares and the Gross Placing and Subscription Proceeds.

Crowe U.K. LLP has given and not withdrawn its consent to the inclusion in this Document of its accountant's report on the HeiQ Financial Information set out in Section (B) *"Historical Financial Information of the HeiQ Group"* of Part VIII *"Financial Information of HeiQ"* and of its report on the Pro Forma Financial Information set out in Section (A) *"Accountant's Report on the Unaudited Pro Forma Financial Information"* of Part IX *"Unaudited Pro Forma Financial Information"* and has authorised the contents of these reports for the purposes of the Document and Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules. In addition, Crowe U.K. LLP has given and not withdrawn its written consent to the issue of this Document with the inclusion herein of the references to its name, business address and qualifications.

AGAM is acting as financial adviser and joint broker to the Company in relation to the Placing, Subscription and Readmission and has given and not withdrawn its consent to the inclusion in this Document of its name and references to it.

Cenkos is acting as placing agent and joint broker to the Company in relation to the Placing, Subscription and Readmission and has given and not withdrawn its consent to the inclusion in this Document of its name and references to it.

The information in this Document that is sourced from third parties has been accurately reproduced and as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Copies of this Document and the following documents:

- the memorandum and Articles;
- the historical financial information of the Company as set out in Part VII of this Document;
- the accountant's report issued by Crowe U.K. LLP, the HeiQ Group Financial Information and the HeiQ Group Interim Financial Information as set out in Part VIII of this Document;
- the accountant's report issued by Crowe U.K. LLP and the unaudited pro forma financial information as set out in Part IX of this Document;
- the service agreements and letters of appointment referred to in paragraph 14 of this Part XI;
- the material contracts entered into by the Company or HeiQ referred to in paragraph 23 of this Part XI;
- the letters of consent referred to in this paragraph of this Part XI.

will be available for inspection from the registered office of the Company during normal office hours on any day, Saturdays, Sundays and public holidays excepted. In addition, this Document and the documents listed above will be published in electronic form and be available on the Company's website www.auctusgrowthplc.co.uk.

PART XII

DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise.

£ or UK Sterling	Pound Sterling, the lawful currency of the UK
£ or US Dollar	United States dollar, the lawful currency of the United States of America
Acquisition	the acquisition by the Company of the entire issued share capital of HeiQ from the HeiQ Shareholders
Acquisition Agreement	the conditional agreement dated 12 November 2020 between: (1) the Company and (2) the HeiQ Shareholders in relation to the Acquisition, further details of which are set out in Part I of this Document
Act	the Companies Act 2006, as amended
Adviser Shares	the aggregate of 385,209 new Ordinary Shares to be subscribed for at the Placing Price by AGAM, Cenkos and Darren Morcombe to the value of £431,434
AGAM	Arlington Group Asset Management Limited (company number 02359077) of 15 Whitehall, London, SW1A 2DD
Announcement	the Company's announcement of 12 November 2020 containing details, *inter alia*, of the Acquisition and the Placing
Articles	the articles of association of the Company in force from time to time
Audit Committee	the audit committee of the Company, being a duly appointed sub-committee of the Board
Board	the directors of the Company from time to time
Cenkos	Cenkos Securities plc (company number 05210733) of 6 7 8 Tokenhouse Yard, London, EC2R 7AS
Chem-Tex	Chem-Tex Laboratories Inc.
Chem-Tex Assets	certain assets and the business of Chem-Tex acquired by HeiQ USA on 6 April 2017
CHF	Swiss Francs, the lawful currency of Switzerland
City Code	the UK City Code on Takeovers and Mergers
Company	Auctus Growth plc, a company incorporated in England and Wales under the Act with company number 09040064
Company Financial Information	the audited historical financial information of the Company for the three years ended 31 December 2019
Company Interim Financial Information	the unaudited interim financial information of the Company for the six-month period ended 30 June 2020 and the comparative six-month period ended 30 June 2019
Completion	completion of the Acquisition, the Placing, the Subscription and Readmission, which are all expected to occur at 8:00 a.m. on 7 December 2020
Concert Party	each of Carlo Centonze, Cortegrande AG, Emanuele Centonze, Annica Centonze, Esther Dale-Kolb, Xaver Hangartner, Benjamin Bergo, Dr Murray Height, Trevor Height, Robyn Height and Darren Morcombe
Connected Persons	has the meaning set out in section 252 of the Act and includes a spouse, children under 18 and any company in which the relevant person is interested in shares comprising at least one-fifth of the share capital of that company

Consideration Shares	the 106,759,900 new Ordinary Shares proposed to be issued to the HeiQ Shareholders at a price of £1.12 per share, reflecting the total consideration payable by the Company to the HeiQ Shareholders, as set out in the Acquisition Agreement which is summarised in Part I of this Document
Consolidation	the proposed consolidation of every three Existing Ordinary Shares into one Ordinary Share
CREST	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
CREST Regulations	the Uncertificated Securities Regulations 2001 of the UK (SI 2001/3755) (as amended)
Directors	the directors of the Company as at the date of this Document, whose names are set out on page 29 of this Document
Disclosure Guidance and Transparency Rules	the FCA's Disclosure Guidance and Transparency Rules sourcebook
Document or Prospectus	this prospectus
Enlarged Group	the Company and, following the Acquisition, HeiQ and its subsidiary undertakings as shown in Part V of this Document
Enlarged Share Capital	the issued equity share capital of the Company, comprising the Existing Ordinary Shares (following Consolidation) and the New Ordinary Shares and as it will be on Readmission
Euroclear	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales
Existing Ordinary Shares	the existing 2,668,999 ordinary shares of £0.10 each in issue as at the date of this Document, being the entire issued share capital of the Company
Existing Shareholders	shareholders of Existing Ordinary Shares as at the date of this Document
FCA	the UK Financial Conduct Authority and competent authority for listing in the UK pursuant to Part VI of FSMA
Founders	means Charlie Cannon Brookes, Malcolm Burne and Richard Lockwood
FSMA	the Financial Services and Markets Act 2000 (as amended)
General Meeting	the general meeting of the Company, to be held on 4 December 2020, notice of which is set out at the end of this Document
Gross Placing and Subscription Proceeds	the funds received in relation to the Placing and Subscription
HeiQ	HeiQ Materials AG, a private limited company incorporated in accordance with the laws of Switzerland with registered number CHE-112.274.504 and registered office at Ruetistrasse 12 8952 Schlieren Zürich Switzerland
HeiQ Directors	means any director of HeiQ from time to time
HeiQ Group	HeiQ Materials AG and its subsidiaries, including as shown in Part V of this Document
HeiQ Group Financial Information	the audited consolidated historical financial information of HeiQ Group for the three years ended 31 December 2019
HeiQ Group Interim Financial Information	the unaudited consolidated interim financial information of HeiQ Group for the six months ended 30 June 2020

HeiQ Shares	means all of the issued shares in the capital of HeiQ
HeiQ Shareholders	holders of HeiQ Shares
HeiQ USA	HeiQ ChemTex Inc., a wholly owned subsidiary of HeiQ
HMRC	HM Revenue and Customs
IFRS	International Financial Reporting Standards, as adopted by the European Union
Initial IPO	the initial public offering of the Company on 22 August 2014
Listing Rules	the listing rules made by the FCA pursuant to section 73A of FSMA, as amended from time to time
Lock-In Agreements	means the respective lock-in agreements relating to, in aggregate, 41,340,536 Ordinary Shares entered into between the respective parties, the Company and Cenkos, further details of which are set out in paragraph 23 of Part XI
London Stock Exchange or LSE	London Stock Exchange plc
LPD	the latest practicable date prior to the publication of this Document
Main Market	the regulated market of the London Stock Exchange for officially listed securities
MAR	the Market Abuse Regulation (Regulation 596/2014)
Member State	any member states of the European Economic Area
Net Placing and Subscription Proceeds	£19,100,000, comprising the Gross Placing and Subscription Proceeds of £20,000,000 less brokers' commissions payable of £900,000
New Ordinary Shares	together, the Placing Shares, Consideration Shares, Subscription Shares and Adviser Shares
Official List	the Official List of the FCA
Option Scheme	the employee share option scheme as adopted by the Company
Ordinary Shares	ordinary shares of £0.30 (following Consolidation) each in the capital of the Company following Readmission
Panel	the Panel on Takeovers and Mergers
Placees	those persons who have signed Placing Letters
Placing	the conditional placing by AGAM and Cenkos on behalf of the Company of the Placing Shares and the Consideration Shares to be sold by the Selling Shareholders at the Placing Price pursuant to the Placing Agreement and the Selling Shareholder Agreements
Placing Agreement	the conditional agreement dated 12 November 2020 between: (i) the Company; (ii) the Directors and the Proposed Directors, (iii) AGAM and (iv) Cenkos
Placing Letters	the letters from potential investors making irrevocable conditional applications for Placing Shares and/or Consideration Shares to be sold by the Selling Shareholders under the Placing
Placing Price	£1.12 per Placing Share
Placing Shares	the 11,789,142 new Ordinary Shares in the capital of the Company to be allotted to the Placees
Premium Listing	a Premium Listing under Chapter 6 of the Listing Rules
Pro Forma Financial Information	the unaudited pro forma statement of financial position as at 30 June 2020 and the unaudited pro forma statement of comprehensive income for the six-month period then ended

Proposed Directors	the proposed directors to be appointed to the Board on Completion and whose names are set out on page 29 of this Document
Prospectus Regulation	Regulation (EU) 2017/1129
Prospectus Regulation Rules	the prospectus regulation rules made by the FCA pursuant to section 73A of FSMA, as amended from time to time
QCA Corporate Governance Code	the Corporate Governance Code issued by the Quoted Companies Alliance in the UK from time to time
Readmission	the readmission of the Existing Ordinary Shares (on a post-consolidated basis) and the admission of the New Ordinary Shares to listing on the Official List, by way of a Standard Listing, and to trading on the Main Market, becoming effective
Registrar	Computershare Investor Services plc (company number 03498808) of The Pavilions, Bridgwater Road, Bristol, BS13 8AE
Remuneration Committee	the remuneration committee of the Company, being a duly appointed sub-committee of the Board
Resolutions	resolutions 1 and 2, which are to be proposed as ordinary resolutions, and resolutions 3 to 5, which are to be proposed as special resolutions, to be voted on at the General Meeting of the Company to be held at 47/48 Piccadilly, London W1J 0DT at 10:00 a.m. on 4 December 2020
Reverse Takeover or RTO	a transaction defined as a reverse takeover under Listing Rule 5.6.4 (1) and (2)
RIS	regulatory information service
SEC	US Securities and Exchange Commission
Securities Act	United States Securities Act of 1933, as amended
Selling Shareholders	those HeiQ Shareholders who are selling Consideration Shares in the Placing pursuant to a Selling Shareholder Agreement
Selling Shareholder Agreement	the agreement between each Selling Shareholder and Cenkos pursuant to which Cenkos were constituted agents of the Selling Shareholder to sell certain Consideration Shares to be received by the Selling Shareholder, in the Placing
Shareholders	holders of Ordinary Shares
Standard Listing	a Standard Listing under Chapter 14 of the Listing Rules
Subscribers	those persons who have agreed to subscribe for new Ordinary Shares pursuant to the Subscription Agreements
Subscription	the conditional subscription to raise aggregate gross proceeds, subject to the passing of the Resolutions, of £6,796,160, through the issue of the Subscription Shares
Subscription Agreements	the conditional subscription agreements entered into between the Subscribers and the Company on or prior to the date of this document
Subscription Shares	6,068,000 new Ordinary Shares which are to be made available for subscription to Subscribers pursuant to the Subscription Agreements
Takeover Code	the City Code on Takeovers and Mergers as published by the Panel, as amended from time to time
Transaction	Readmission, completion of the Acquisition, the Placing, the Subscription and the admission of the Enlarged Share Capital
Transaction Costs	the costs incurred (or to be incurred) of approximately £2,115,000 in connection with the Placing, Subscription, Readmission and the Acquisition

UK Corporate Governance Code	the UK Corporate Governance Code issued by the Financial Reporting Council in the UK from time to time
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
uncertificated or in uncertificated form	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
United States or US	has the meaning given to the term "United States" in Regulation S of the Securities Act
VAT	UK value added tax
Voting Rights	all the voting rights attributable to the capital of the Company which are currently exercisable at a general meeting

PART XIII

PROXY INSTRUCTIONS

This Document is furnished in connection with the solicitation of proxies by the Board of the Company for use at the General Meeting of Existing Shareholders of the Company to be held as a closed meeting at 47/48 Piccadilly, London W1J 0DT at 10:00 a.m. (London time) on 4 December 2020 and at any adjournment or adjournments thereof, for the purposes set out in the notice of General Meeting (the "Notice") in this Document.

Resolutions 1 and 2 will be proposed at the General Meeting as ordinary resolutions requiring approval of more than 50 per cent. of the votes cast. Resolutions 3 to 5 will be proposed at the General Meeting as special resolutions, requiring approval of more than 75 per cent. of the votes cast.

Existing Shareholders of ordinary shares of £0.10 each in the Company (the "**Ordinary Shares**") may vote on all matters to come before the General Meeting.

The Form of Proxy enclosed with the Notice affords each Existing Shareholder the opportunity to specify the manner in which that Existing Shareholder's proxy is to vote with respect to any specific item by checking the appropriate space on the Form of Proxy in order to indicate whether the Ordinary Shares registered in the Existing Shareholder's name shall be voted for, voted against or withheld from voting.

The proxy must be signed by the holder of Ordinary Shares or each such Existing Shareholder's attorney duly authorised in writing or, if the Existing Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorised. Persons signing as executors, administrators, trustees or in any other representative capacity should so indicate and give their full title as such. A partnership should sign in the partnership's name and by an authorised person(s).

An Existing Shareholder may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attaching to a different Ordinary Share or Ordinary Shares held by that Existing Shareholder. You may not appoint more than one proxy to exercise rights attached to one Ordinary Share. Should you wish to appoint more than one proxy please contact the relevant registrar and transfer agent in good time before the General Meeting in order that the proxy forms are received in accordance with the times set out below. Please see the Form of Proxy which has more information in relation to the manner in which a proxy may be appointed.

Unless otherwise indicated any proxy will be granted in favour of the Chairman of the General Meeting who will be an officer of the Company. **Existing Shareholders should note that as the meeting will be held as a closed meeting, if a proxy other than the Chairman is appointed, those votes will not be counted.**

The registrar and transfer agent for the Ordinary Shares is Computershare Investor Services plc of The Pavilions, Bridgwater Road, Bristol, BS99 6ZY.

A Form of Proxy is enclosed with the Notice. To be effective, the Form of Proxy and the original authority (if any) under which it is made must be deposited at the appropriate office of the Company's registrar and transfer agents and not at the offices of the Company so as to be received not later than 48 hours before the time appointed for holding the General Meeting. An appointment of a proxy which is not received in accordance with these requirements may be invalid.

You may not use any electronic address provided within this Notice or any related documents (including the Form of Proxy) to communicate with the Company other than as expressly stated.

To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours before the time appointed for holding the General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

A proxy given by an Existing Shareholder for use at the General Meeting may be revoked at any time prior to its use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the Existing Shareholder or by the Existing Shareholder's attorney authorised in writing or, if the Existing Shareholder is a corporation, by an officer or attorney thereof duly authorised in writing, and deposited either at the registered office of the Company or at the

Company's registrar and transfer agents at least one hour before the commencement of the General Meeting (or any adjournment thereof) or with the Chairman of the General Meeting on the day of the General Meeting, or any adjournment thereof. The registered office of the Company is located at 5th Floor, 15 Whitehall, London, England, SW1A 2DD.

Completion of the proxy does not preclude an Existing Shareholder from subsequently attending and voting at the General Meeting in person if he or she so wishes. In this circumstance, the proxy appointment will be automatically terminated. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same Ordinary Share.

In accordance with the Articles and Regulation 41 of the CREST Regulations, only those Existing Shareholders entered on the Company's register of shareholders 48 hours before the start of the General Meeting, or, if the meeting is adjourned, Existing Shareholders entered on the Company's register of shareholders 48 hours before the time fixed for the adjourned General Meeting shall be entitled to vote at the General Meeting.

MANNER IN WHICH PROXIES WILL BE VOTED

The Chairman of the General Meeting will vote or withhold from voting the Ordinary Shares in respect of which he is appointed by proxy on any ballot that may be called for in accordance with the instructions of the Existing Shareholder as indicated on the Form of Proxy and, if the Existing Shareholder specifies a choice with respect to any matter to be acted upon, the Ordinary Shares will be voted accordingly.

In the absence of such direction, such Ordinary Shares will be voted by the Chairman of the General Meeting in favour of the passing of the matters set out in the Notice. The accompanying Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice, and with respect to other matters which may properly come before the General Meeting or any adjournment thereof. At the date hereof, the Directors know of no such amendments, variations or other matters. **However, if any other matters should properly come before the General Meeting, the proxy will be voted on such matters in accordance with the best judgement of the proxy.**

PART XIV

NOTICE OF GENERAL MEETING

Auctus Growth plc
(Registered in England and Wales with company number 09040064)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting (the "**General Meeting**") of Auctus Growth plc (the "**Company**") will be held as a closed meeting at 47/48 Piccadilly, London W1J 0DT on 4 December 2020 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions (the "**Resolutions**"). Resolutions 1 and 2 will be proposed as ordinary resolutions, and Resolutions 3 to 5 will be proposed as special resolutions. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands.

ORDINARY RESOLUTIONS

1 THAT, every three existing ordinary shares of £0.10 each in the capital of the Company in issue and shown in the register of members of the Company at 6 pm (London time) on 4 December 2020 (or such other time and / or date as the directors of the Company may determine) (the "**Existing Ordinary Shares**") be consolidated into one ordinary share of £0.30 in the capital of the Company, such ordinary shares having the same rights, and being subject to the same restrictions, as the Existing Ordinary Shares, as set out in the articles of association of the Company to be adopted pursuant to resolution 4 below.

2 THAT, the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("**Act**") to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to a maximum aggregate nominal amount of:

2.1 £32,027,970 in relation to the issue of the Consideration Shares (as such term is defined in the prospectus published by the Company and dated 12 November 2020 of which this Notice forms part, the "**Prospectus**");

2.2 £3,536,745 in relation to the issue of the Placing Shares (as such term is defined in the Prospectus);

2.3 £1,820,400 in relation to the issue of the Subscription Shares (as such term is defined in the Prospectus); and

2.4 £12,587,935 representing approximately 33.33 per cent of the Enlarged Share Capital (as such term is defined in the Prospectus)

in each case to such persons and at such times and on such terms as the Directors think proper provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire on the earlier of 4 December 2021 and the date of the next annual general meeting of the Company save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted, or Rights to be granted, after such expiry, and the Directors may allot shares or grant Rights in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTIONS

3 THAT, subject to the passing of Resolution 2 above, the Directors be and they are hereby empowered pursuant to section 571 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred upon them by Resolution 2, or by way of a sale of treasury shares, as if section 561 of the Act did not apply to such allotment provided that this power shall be limited to:

3.1 the allotment of the Placing Shares up to an aggregate nominal amount of £3,536,745;

3.2 the allotment of the Subscription Shares up to an aggregate nominal amount of £1,820,400;

3.3 the allotment of equity securities in connection with an issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) in favour of:

3.3.1 holders of ordinary shares on the register on a date fixed by the directors, in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on that date; and

3.3.2 if applicable, holders of any other class of equity security, in accordance with the rights attached to such security or as the directors otherwise consider necessary,

3.3.3 but subject to such exclusions or other arrangements as the directors deem necessary or expedient to deal with fractional entitlements, treasury shares or uncertificated shares, or any legal or practical difficulties in any territory, or the requirements of any regulatory body or stock exchange; and

3.4 (otherwise than pursuant to paragraphs 3.1 and 3.3 above) up to a maximum aggregate nominal amount of £3,776,760 (representing equity securities equal to approximately 10 per cent. of the Enlarged Share Capital (as such term is defined in the Prospectus)

provided that this power shall, unless previously renewed, varied or revoked by the Company in general meeting, expire on the earlier of 4 December 2021 and the date of the next annual general meeting of the Company save that the Company may before such expiry make any 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.

4 THAT, the new articles of association of the Company produced to the General Meeting and initialled for the purpose of identification by the Chairman of the General Meeting be adopted as the articles of association of the Company in substitution for and to the entire exclusion of the existing articles of association of the Company.

5 THAT, subject to the consent of the High Court of Justice of England and Wales, the share premium account of the Company be cancelled and the sum arising on the cancellation be credited to the Company's retained earnings.

DATED 12 November 2020

BY ORDER OF THE BOARD

Michael George Dack
Company Secretary

Registered Office: 5th Floor, 15 Whitehall, London, SW1A 2DD

NOTES:

Your attention is particularly drawn to Note 15 in the light of the COVID-19 pandemic.

1. As a member of the Company, you are entitled to appoint another person as proxy to exercise all or any of your rights to vote at the General Meeting and you should have received a proxy form with this Notice of General Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

2. A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. To appoint the Chairman of the General Meeting or another person as your proxy insert their full name into the proxy form. **As the General Meeting is to be held as a closed meeting, shareholders must appoint the Chairman of the General Meeting as their proxy in order for their vote to count. If someone other than the Chairman is appointed then their vote will not be capable of being exercised. Further details are set out below.**

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrar, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. Due to stay at home measures, we strongly advise shareholders to appoint the Chairman of the General Meeting as their only proxy. Further details are set out below.

4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting as he or she thinks fit) in relation to any other matter which is put before the General Meeting. **However, as the General Meeting is to be held as a closed meeting, shareholders must appoint the Chairman of the General Meeting as their proxy in order for their vote to count. If someone other than the Chairman is appointed then their vote will not be capable of being exercised. Further details are set out below.**

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:

a. completed and signed (with any alteration or deletion signed and initialed);

b. received not later than 48 hours before the time of the General Meeting (or any adjournment thereof).

In the case of a member who is a company, the proxy form must be signed on its behalf by an officer of the company or any attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

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

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company's registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

8. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, or by emailing externalproxyqueries@computershare.co.uk. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company no later than 48 hours before the time of the General Meeting (or any adjournment thereof).

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

10. You may not use any electronic address provided within this Notice or any related documents (including the proxy form) to communicate with the Company other than as expressly stated.

11. To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number RA20) not later than 48 hours before the time appointed for holding the General Meeting.

12. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

13. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered in the Company's register of members at 10:00 a.m. on 2 December 2020 (or in the case of adjournment 48 hours before the time of the adjourned General meeting) will be entitled to vote at the Meeting. Changes to entries in the register of members after that time shall be disregarded in determining the right of any person to vote at the General Meeting.

14. As at 12 November 2020 the Company's issued ordinary share capital was 2,668,999 ordinary shares. The Company holds no ordinary shares in treasury therefore the total voting rights as at 12 November 2020 are 2,668,999.

15. Pursuant to the provisions of the Corporate Insolvency and Governance Act 2020, the Company is holding the General Meeting as a closed meeting for the safety of directors, shareholders and advisers. Shareholders should therefore not attempt to attend the General Meeting. There will be only limited Company representation at the Meeting and in order to comply with relevant legal requirements, the General Meeting will be convened with the minimum necessary quorum of two shareholders. This will be facilitated by the Company. Shareholders are strongly encouraged to vote on all resolutions in advance of the General Meeting by completing an online proxy appointment form appointing the Chairman of the General Meeting as your proxy, to register any questions in advance and not to attend the General Meeting in person. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a 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. Shareholders are therefore urged to submit their votes by proxy before 10:00 a.m. on 2 December 2020 and shareholders should appoint the Chairman of the General Meeting as their proxy.