



**HeiQ PLC**

**FY 2021 Annual Results  
& Strategy Presentation**

April /May 2022

Traded at:  
XLON: HEIQ  
ISIN: GB00BN2CJ299

**SWISS  
TECH  
INSIDE**



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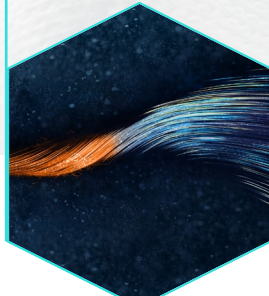
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# Agenda



.01

FY 2021 Highlights



.02

Growth track record



.03

Strategy & outlook



# FY 2021 highlights

## Strengthened our core business and accelerated towards our ambitions

- Completed 3 M&As for US\$ 28M, broadening our bio-based hygiene offering, paid 42% in cash and 58% in shares
- Increased from 140 employees to over 200 (+20 in marketing & sales, +30 in innovation)

## Delivered a 15% revenue growth and increased cash generation, showed resilience and continued demand

## Maintained a strong balance sheet and healthy financing structure

## Made excellent progress to support mid-term target revenue of US\$300m

- Launched 21 new innovations, including world's first climate positive fiber HeiQ AeonIQ - secured > US\$ 10 million investments from Hugo Boss and The LYCRA Company (implied valuation: US\$200M)
- Filed a next generation battery patent for HeiQ GrapheneX and demonstrated viability of double energy density lithium metal batteries
- Third part empirical study with Charité Hospital of Berlin proving synbiotic cleaners as superior nosocomial prevention to disinfectants in hospitals



Well positioned for long term growth, with market leading ESG technology platforms

Set a 20% growth target for FY2022



# 2021 business highlights

## FINANCIALS

**+15%**

Revenue US\$m

2021	57.9
2020	50.4
2019	28.0

**-9.2ppt**

Gross Margin %

2021	46.6
2020*	55.8
2019	48.6

**+215%**

Operating Cashflow US\$m

2021	3.5
2020*	1.1
2019	3.0

## DIFFERENTIATION

**+81%**

Media mentions

2021	13'749
2020	7'610
2019	2'000

**-54%**

Adj. EBITDA US\$m

2021	6.5
2020*	14.1
2019	2.9

**-53%**

EPS (diluted) US\$

2021	0.0201
2020*	0.0432
2019	0.0071

2020\*: restated

## INNOVATION

**22**

New R&D projects

**5**

Patents filed

**21**

Innovations launched



# Growth track record

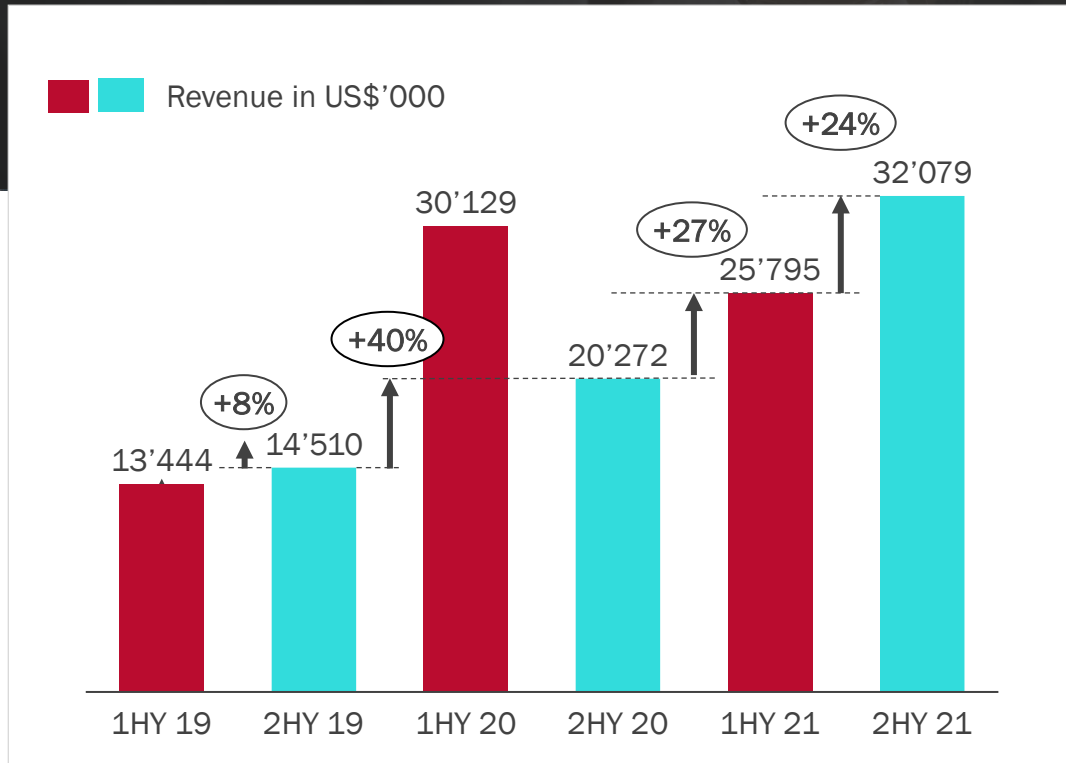




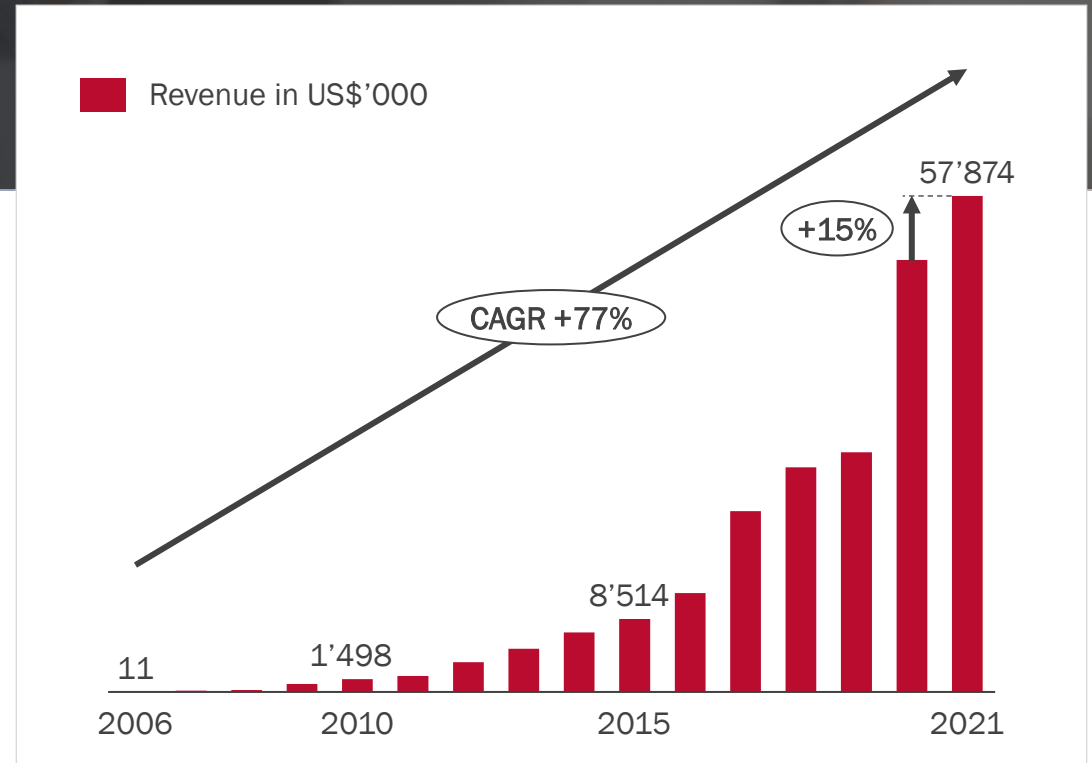
# Historic growth trend



## 3-year growth trend



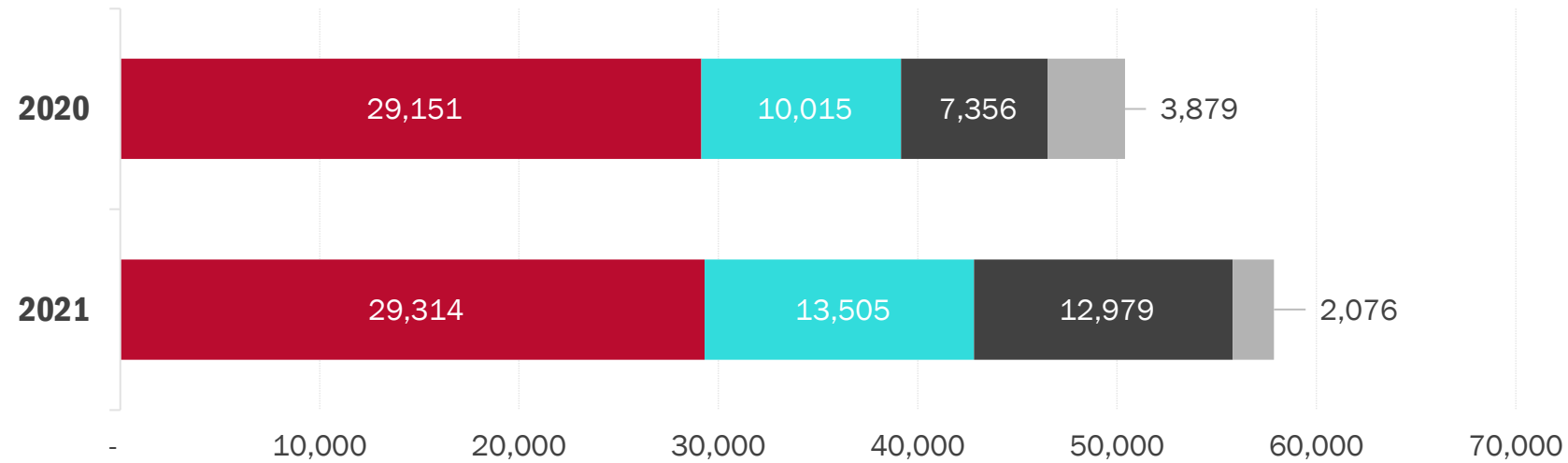
## Long-term growth trend





# Sales growth by function

Sales in US\$ '000



	Growth	2021	2020
Hygiene	+1%*	29'314	29'151
Resource Efficiency	+35%	13'505	10'015
Comfort	+76%	12'979	7'356
Protection	-46%*	2'076	3'879

\* 2020 pandemic driven one-off sales in Hygiene ca. US\$ 10 million, Protection ca. US\$ 2 million

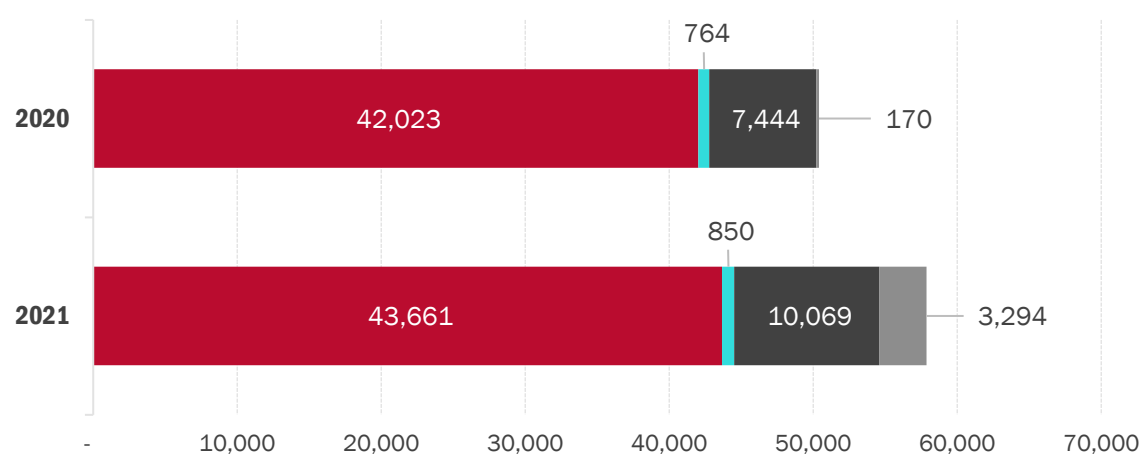
- Hygiene**
  - HEIQ SYNDIO
  - HEIQ METALLIQ
  - HEIQ VIROBLOCK
  - HEIQ PURE
  - HEIQ FRESH
  - HEIQ FRESH AIR
  - HEIQ HYPROTECH
- Resource Efficiency**
  - HEIQ CLEAN TECH
  - Oilguard
- Comfort**
  - HEIQ REAL SILK
  - HEIQ SMART TEMP
  - HEIQ XREFLEX
  - HEIQ COOL
- Protection**
  - HEIQ BUG GUARD
  - HEIQ SUN BLOCK
  - HEIQ ECO DRY





# Sales growth by form

Sales in US\$ '000



	Growth	2021	2020
Functional Ingredients	+3.9%	43'661	42'023
Functional Materials	+11.3%	850	764
Functional Consumer Goods	+35.3%	10'069	7'444
Services & Licensing	+1'837.7%	3'294	170





# Statement of Comprehensive Income



Revenue growth of 15% driven by functional categories “Resource Efficiency” and “Comfort”



Gross margins under pressure from global supply chain disruptions



SG&A costs increase reflects investment in growth of organization, innovation and commercialization

	Year ended Dec 31, 2021 US\$'000	Year ended Dec 31, 2020* US\$'000
Revenue	57'874	50'401
Gross profit	26'976	28'133
Selling and general administrative expenses	(24'465)	(16'117)
Other operating income /expenses (net)	606	(383)
Operating profit	3'117	11'633
Transaction & listing costs	(206)	(3'273)
Other income /costs (net)	(162)	(69)
Finance income /costs (net)	(63)	(1'131)
Income before taxation	2'686	7'160
Taxation	(212)	(2'112)
Income after taxation	2'474	5'048

2020\*: restated



Revenue US\$m

+15 %

57.9	50.4	28.0
2021	2020	2019



Gross margin %

-9.2%

46.6	55.8	48.6
2021	2020*	2019



EBITDA  
(Adjusted) US\$m

-54%

6.5	14.1	2.9
2021	2020*	2019



# Statement of Financial Position



Strong balance sheet & low leverage



Net cash position of USD 13m + available credit lines of USD >9m



Leadership team owning about 23% of equity – fully aligned with investors

	As at Dec 31, 2021 <b>US\$'000</b>	As at Dec 31, 2020* <b>US\$'000</b>
Intangible assets	32'212	5'264
Other non-current assets	16'978	9'063
<b>Total non-current assets</b>	<b>49'190</b>	<b>14'327</b>
Inventories	13'770	13'540
Trade receivables	18'050	13'437
Other current asset	6'275	2'609
Cash	14'560**	25'695
<b>Total current assets</b>	<b>52'655</b>	<b>55'281</b>
<b>Total Assets</b>	<b>101'845</b>	<b>69'608</b>

	As at Dec 31, 2021 <b>US\$'000</b>	As at Dec 31, 2020* <b>US\$'000</b>
<b>Total Equity</b>	<b>64'637</b>	<b>49'609</b>
Long-term borrowings	670	1'400
Other non-current liabilities	12'689	6'586
<b>Total non-current liabilities</b>	<b>13'359</b>	<b>7'986</b>
Short-term borrowings	1'004	173
Trade & other payables	9'359	5'815
Other current liabilities***	13'486	6'025
<b>Total current liabilities</b>	<b>23'849</b>	<b>12'013</b>
<b>Total liabilities</b>	<b>37'208</b>	<b>19'999</b>

2020\*: restated

\*\* : US\$ 10.1m paid in cash for 3 M&A transactions

\*\*\* incl. US\$ 6m deferred considerations from M&A



**USD 29m**  
Net working capital

Total Current assets – total current liabilities



**2.21**  
Current ratio

Total Current assets / total current liabilities



**1.63**  
Quick ratio

(Total Current assets – inventory) / total current liabilities



**USD 13m**  
Net cash

Cash - borrowings



**63.5%**  
Equity ratio

Total equity / total assets



# Cashflow Statement

.01

Significant improvement of Operating Cash Flow and Free Cash Flow

.02

Strong Cash Conversion Ratio

.03

Significant investments in Innovation pipeline – total investments (CAPEX + OPEX) of about 10% of revenue

.04

Significant investments of 28M USD in function “Hygiene” and “Resource Efficiency” through 3 acquisitions

	Year ended Dec 31, 2021 US\$'000	Year ended Dec 31, 2020* US\$'000
Income before tax	2,686	7,160
Reconciling items including taxes paid	1,093	4,251
Working capital adjustments	(298)	(10,306)
<b>Net cash generated from operating activities</b>	<b>3,481</b>	<b>1,105</b>
Purchase of property, plant & equipment (net)	(856)	(922)
Development of intangible assets	(2,969)	(635)
Other investing activities including acquisitions	(8,839)	25,762
<b>Net cash from /used in investing activities</b>	<b>(12,664)</b>	<b>24,205</b>
<b>Net cash used in financing activities</b>	<b>(1,342)</b>	<b>(3,488)</b>
<b>Net (decrease) /increase in cash</b>	<b>(10,525)</b>	<b>21,822</b>
<b>Cash balance (end of period)</b>	<b>14,560</b>	<b>25,695</b>



**USD 3.5m**

Operating Cash Flow



**USD 2.6m**

Free Cash Flow

Cash generated from operating activities – Purchase of property, plant & equipment



**1.41**

Cash Conversion Ratio

Cash generated from operating activities / Income after taxation





# Strategy and outlook



# HeiQ at a glance



As of Q2 2022



GLOBAL & DIVERSE

CAPABLE & AWARDED

BRANDED & TRUSTED



# Client-led, lean innovation model for rapid-deep co-creation



**.02**  
By informing ourselves through **7 IP technology platforms**

**.05**  
**In 8 HeiQ R&D hubs around the globe** and clock

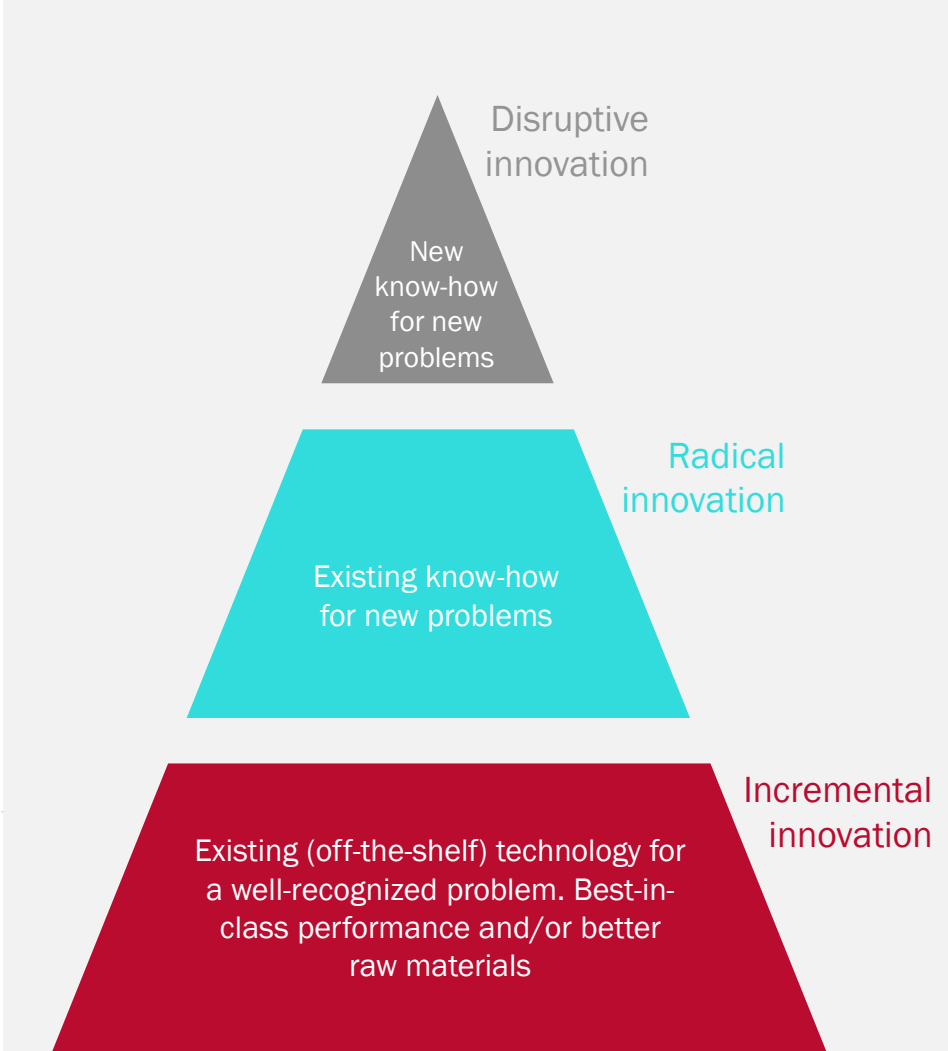
**.01**  
**By applying a client-led R-D-M innovation methodology**  
Innovation from lab to consumer

**.03**  
Leveraging on our **boundless research network** of +30 universities, an innovation advisory board (15 members) & financing +40 PhD's

**.06**  
**Financed with research leverage** through multi-country government grants for R&D

**.04**  
With a **+50 strong internal R&D team** (of which +20 PhD's)

**.07**  
**with consumer validation & value capturing ingredient branding**

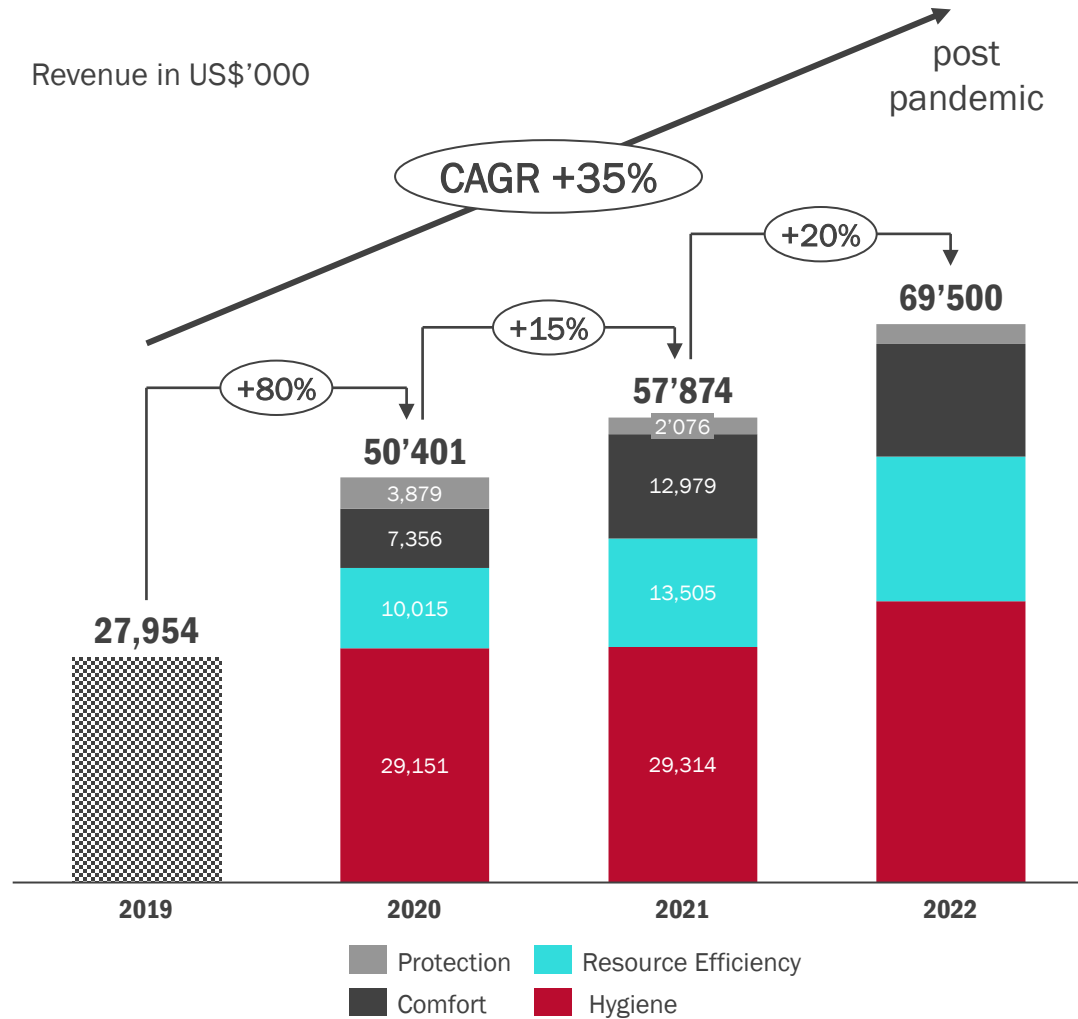




# Growth strategy 2022

## Growth targets

## Growth drivers



### Protection

- HeiQ Eco Dry – flourine-free carpet stain & water repellency
- HeiQ Synbio - bio-based carpet pet stain & odor control

### Comfort

- HeiQ Effect STR – recyclable elastomeric finishing technology
- HeiQ Smart Temp - generation 7.0 of our dynamic cooling tech
- HeiQ Cool – new, bio-based instant cooling technology

### Resource efficiency

- HeiQ AeoniQ – world's first climate positive fiber
- HeiQ Clean Tech – >35% energy, water & CO<sub>2</sub> savings in dyeing
- HeiQ ECOS – lowE tech preventing infrared energy loss/gain

### Hygiene

- HeiQ Synbio – probiotic hygiene of surfaces in healthcare
- HeiQ Life – botanical peppermint antimicrobials
- HeiQ Sanpure – durable hygiene coatings for hospitals
- HeiQ Fresh – bio-based odor control for textiles



# Potential game-changer: world's first climate positive yarn

*“By 2050, there will be more plastic than fish in our oceans.”*  
– Ellen MacArthur Foundations

## PROBLEM

- The textile industry is responsible for 20% of global CO2 emissions
- Less than 1% of textiles is recycled
- Polyester & nylon take 1000 years to degrade
- Polyester & nylon make up +60% of all textiles
- 30% of microplastics in the ocean are from oil-based textiles

## SOLUTION

### CLIMATE POSITIVE CIRCULAR CELLULOSIC FILAMENT YARN:

Designed to substitute performance of polyester & nylon

- Made from cellulosic **biopolymers that bind carbon (CO2)** from the atmosphere
- For every ton of Polyester substituted by HeiQ AeoniQ **up to 5 tons of CO2 can be reduced (carbon credits potential)**

## MARKET POTENTIAL

- Global polyester & nylon annual production: 80 million metric tons, \$135B market, CAGR >3.5%,
- Potential tech licensing & franchise to accelerate market adoption

# HEIQ AEONIQ

## PROGRESS TO DATE



**The LYCRA Company as exclusive distributor**

+ US\$ 7-digit tech milestone fee

## HUGO BOSS

**Hugo Boss acquired 2.5% of HeiQ AeoniQ GmbH for \$5M at an implicit valuation of \$200M**

+ US\$4M tech milestone fee

+ US\$1M pre-paid goods

+ €10M option for 5% equity

## NEXT MILESTONE

- Establishment of pilot commercialization plant on track, operational in 2HY
- On board more brand partners with similar deal structure
- Validate process scale-up to an industrial plant by EOY
- First Gigafactory (30'000 metric ton per annum) planned to be commissioned by EOY 2024

# Highly porous graphene membranes for batteries & electronics

## OPPORTUNITY

Availability of an ultra-thin, extra strong, fully permeable and conductive material would resolve the technical challenges for countless numbers of industries

## SOLUTION



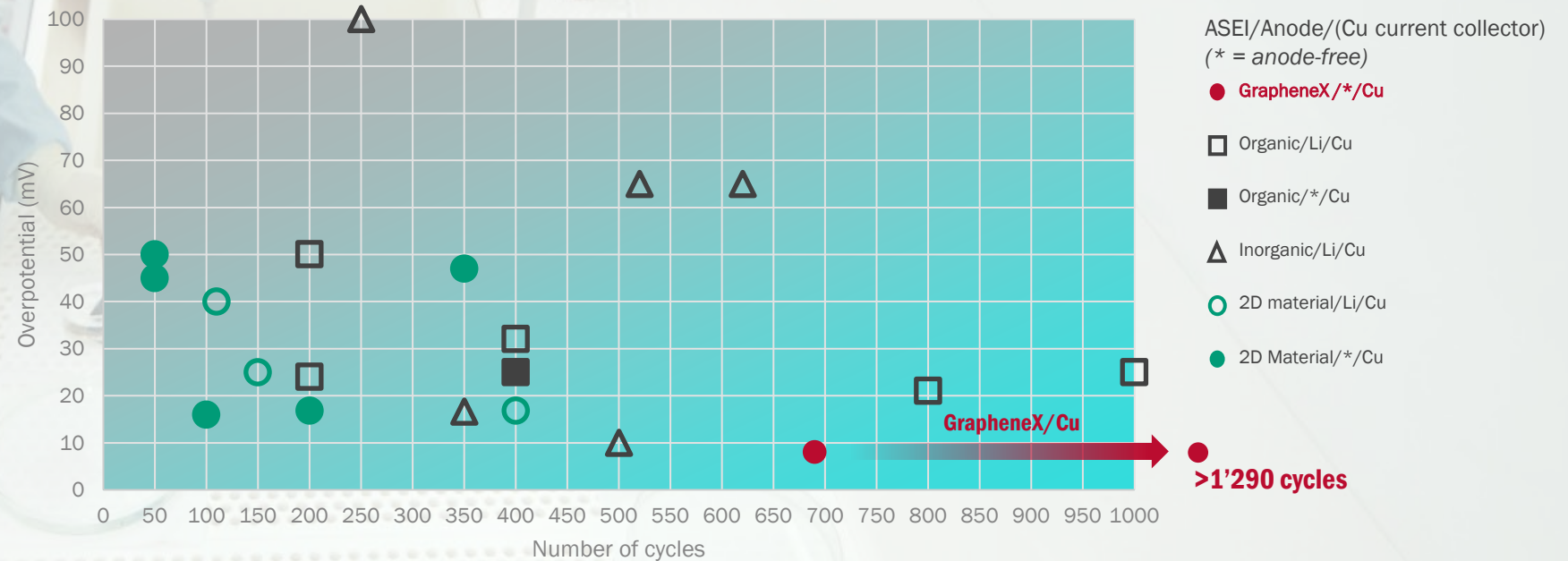
- Enables next generation lithium metal battery anode +50% energy density
  - Lighter, more compact
  - Faster charging
  - Longer lifetime
- Graph: GrapheneX outperform all ASEI layer (comparison in asymmetric cell configuration)
- Significantly increases number of cycles (>1'290 cycles) with far lower overpotential (8 mV average) (no performance loss)

## MARKET POTENTIAL

150B market, CAGR >25%

## PROGRESS TO DATE

- Battery pilot proof of concept achieved with excellence
- JDA with battery leaders progressing



## NEXT MILESTONE

- Scale up & commercialization partnerships (similar to Hugo Boss deal structure)
- Building a pilot commercialization plant to de-risk the technology scale-up further
- Engaged with potential partners in key joint development applications



# Synbiotic cleaning for hospitals

## PROBLEM

- By 2050, 10M deaths a year due to antimicrobial resistance
- Will cost the world up to US\$100T.
- Will lead to reduction of GDP by 2-3.5%
- Frequent use of disinfectants give rise to multi-resistant bacteria (super bugs, e.g. MRSA or "golden Staph")

## SOLUTION

### SYNBIOTIC CLEANING

- Reduces antimicrobial resistance by up to 99.9%
- Reduces hospital surface pathogens by up to 90% more than disinfectants
- Reduces costs associated with hospital acquired infection by up to 75%
- Reduces days of treatment with antibiotics by up to 86%

## MARKET POTENTIAL

- Hospital and house hold cleaners market size total: US\$55B, CAGR 5.2%

## PROGRESS TO DATE

- **Opinion leading publication** by Charité University Hospital Berlin and the Robert Koch-Institut proving synbiotic cleaners far more effective than disinfectants alone
- Over **50 hospitals buying recurrently** in EU
- **Leading Chinese Hospital** (Chengdu 8th) won

## NEXT MILESTONE

- In the process of registering our EU Ecolabel in professional cleaners for use in medical and healthcare settings

# A bright outlook

## 2021

A year of continuous progress and strategic investments into our future growth

- Showed resilience despite the challenges of raw material availability, prices, logistic disruptions and sales impeding lockdowns

## 2022

Continue to see strong demand for our innovations supporting our growth target of 20%

Tremendous opportunity for mid-term value creation through blockbuster innovations

- HeiQ AeoniQ implied valuation \$200m (HUGO BOSS and The Lycra Company investment)
- HeiQ GrapheneX close to onboard strategic partners
- HeiQ Synbio close to onboard strategic partners

## Beyond 2022

Megatrend tailwinds (sustainability, hygiene, energy transition) favor our offerings. We keep growing our R&D pipeline with the potential to open doors to many exciting new markets.





# Invest in HeiQ. Invest in impact.

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## Investment case summary

.01

### Solid growth path

- Historic CAGR of 77%
- 15% top line growth in FY2021
- Target 20% growth for FY 2022
- Target US\$300m revenue in the mid-term

.02

### Financial track record

- Cash generative operating business
- Healthy balance sheet & financing structure
- Strong cash position allowing strategy execution

.03

### Established IP creator

- 7 innovation tech platforms
- 3 blockbuster technologies in sight (combined valuation US\$ >400m)
- ~10% of revenues invested in R&D

.04

### Experienced, diverse and committed leadership team

- 23% ownership

.05

### Award-winning ESG credentials

- Swiss Environmental award
- Swiss Tech award (2x)

# Differentiate. Innovate.



## UK

London  
HeiQ plc  
*Ultimate parent*

## Switzerland

Schlieren (Zurich)  
HeiQ Materials AG  
*Operational headquarters  
R&D/Testing/Production*

## Australia

Geelong  
HeiQ PTY  
*R&D/Production*

## Austria

Herzogenburg  
HeiQ GmbH  
*R&D/Sales*

## Belgium

Lommel  
HeiQ Chrisal NV  
*R&D/Production*

## Germany

Regensburg  
HeiQ RAS AG  
*R&D/Sales*

## Greater China

Shanghai  
HeiQ Materials  
Company Limited  
*Warehouse/Testing/Sales*

## Japan

Tokyo  
*Sales*

## Portugal

Moreira da Maia  
HeiQ Iberia  
Unipessoal Lda  
*R&D/Sales*

## Spain

Pizarra (Málaga)  
HeiQ Medica SL  
*R&D/Production/Sales*

## Thailand

Bangkok  
HeiQ Life  
*R&D/Production/Sales*

## USA

Concord & Calhoun  
HeiQ ChemTex Inc.  
*R&D/Production/Sales*

Taoyuan City/Taiwan  
HeiQ Company Ltd /  
HX Company Ltd  
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