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**Strictly private and confidential**

24 March 2026

*To: Employees of Surface Transforms plc*

Dear Employee,

**Strategic Review and Formal Sale Process of Surface Transforms plc (“Surface Transforms” or the “Company”)**

In accordance with Rule 2.11 of the City Code of Takeovers and Mergers (the “Code”), please find accompanying this letter a copy of the announcement that was released to the London Stock Exchange by the Company on 20 March 2026 (the “Announcement”), relating to a strategic review and formal sale process being undertaken by the Company (the “Strategic Review and Formal Sale Process”).

You can access a copy of the Announcement, free of charge, on the Company’s website at <https://www.surfacetransforms.com/investors/> (subject to any restrictions that may apply to you in any particular jurisdictions, if you are a shareholder). The full text of this letter, the Announcement and all other announcements, information and documents relating to the Strategic Review and Formal Sale Process will be available during the course of the offer period on the same website.

This letter has been sent to you for your information. This letter is not to be taken as a summary of the information in the Announcement and should not be regarded as a substitute for reading the Announcement in full. For the avoidance of doubt, the content of the Company’s website is not incorporated into, and does not form part of, this letter.

We will keep you informed of any future developments and, in the meantime, you are recommended not to take any action, save for any disclosure obligation that arises for you under Rule 8 of the Code. This applies to all persons with a direct or indirect interest of one per cent. or more of the issued ordinary share capital of Surface Transforms, and a summary of the requirements are provided below. Although the Announcement has put the Company into what is known as an “offer period” under the Code, there can be no certainty that the Announcement will lead to a firm offer being made under the Code, nor as to the terms of any offer.

Please note that, if an announcement is made regarding a party’s ‘firm intention’ to make an offer for the Company, the Company would then be required by Rule 25 of the Code to publish a ‘circular’ setting out the views of the Board of the Company on the offeror’s proposal. Rule 25.9 of the Code provides that, if an employee representative of the Company were to provide an opinion on the effects of the offeror’s ‘firm intention’ on employment matters in good time before the publication of any such circular: (i) that opinion would be appended to the circular; (ii) the Company would be responsible for the costs of publication of such opinion; and (iii) the Company would be responsible for the costs reasonably incurred by the employee representative in obtaining advice required for the verification of the information contained in such opinion in order to comply with the Code.

Please further note that, under the Code, addresses, electronic addresses and certain other information provided by shareholders and persons with information rights to the Company for the receipt of communication from the Company may be provided to a potential bidder during the offer period as required under Section 4 of Appendix 4 of the Code.



If you have any queries in relation to this letter, you should contact Steve Harrison at [steve.harrison@surfacetransforms.com](mailto:steve.harrison@surfacetransforms.com).

Yours faithfully,

**Ian Cleminson**

*Chair, Surface Transforms plc*

## **IMPORTANT NOTICES**

The Directors of Surface Transforms accept responsibility for the information contained in this letter and, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the import of the information.

This letter is being sent in accordance with Rule 2.11 of the Code.

### **Disclosure requirements of the Code**

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.



Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.



NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF THAT JURISDICTION

THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE. THERE CAN BE NO CERTAINTY THAT ANY FIRM OFFER WILL BE MADE NOR AS TO THE TERMS ON WHICH ANY FIRM OFFER MIGHT BE MADE

THE INFORMATION COMMUNICATED WITHIN THIS ANNOUNCEMENT IS DEEMED TO CONSTITUTE INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATIONS (EU) NO. 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("MAR"), AND IS DISCLOSED IN ACCORDANCE WITH THE COMPANY'S OBLIGATIONS UNDER ARTICLE 17 OF MAR. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

**Surface Transforms plc**  
("Surface Transforms" or the "Company")

**Update on contract loss, Launch of Strategic Review and Formal Sale Process**

Surface Transforms (AIM: SCE), manufacturers of carbon fibre reinforced ceramic automotive brake discs, announced on 3 March 2026 that General Motors ("GM") had notified the Company that it was re-sourcing its supply of brake discs with effect from 31 March 2026. The Company provides the following updates with regards to the contract loss, alongside launching a strategic review and formal sale process for the Company.

**Update on contract loss and stakeholder discussions**

Since the announcement on 3 March 2026, the Company has engaged in multiple discussions with key stakeholders to seek additional funding to support continued trading activities. However, on 12 March 2026 the Board resolved to lodge a Notice of Intention to Appoint Administrators, having reached a settled intention to appoint Michael Magnay and Jonathan Marston of Alvarez & Marsal Europe LLP ("Alvarez & Marsal") as Joint Administrators. This was announced on 12 March 2026. It was also announced that the Company had appointed Alvarez & Marsal as corporate restructuring adviser and was working closely with them to understand the options available to the Company.

At this point it is intended that the Company shall continue operating in the short term. However, the financial position of the Company remains highly uncertain.

**Launch of Strategic Review**

Notwithstanding the settled intention of the Board to appoint Joint Administrators, in parallel to the detailed planning for an insolvency the Board has determined to conduct a strategic review of the funding and other options for the Company to seek to maximise value for all stakeholders (the "Strategic Review"). Options explored as part of the Strategic Review will include, amongst others, a sale of all or part of the Company's business and assets, a capital injection, a restructuring of the Company's liabilities, and a sale of Surface Transforms via a formal sale process pursuant to the Takeover Code (the "Formal Sale Process").

As part of the Strategic Review, the Board invites expressions of interest from parties regarding a potential offer for the business and assets of the Company. The Company has appointed Alvarez & Marsal as its financial adviser to manage this on behalf of the Board.

**Formal Sale Process**



The Takeover Panel has agreed that any discussions with any parties interested in making an offer for the Company may take place within the context of the Formal Sale Process, to enable an orderly process to be conducted by the Company and its advisers, and to facilitate wider engagement with interested parties on a confidential basis.

The Takeover Panel has granted a dispensation from the requirements of Rules 2.4(a), 2.4(b) and 2.6(a) of the Takeover Code, such that any party participating in the Formal Sale Process will not be required to be publicly identified as a result of this announcement and will not be subject to the 28 day deadline referred to in Rule 2.6(a) of the Takeover Code for so long as it is participating in the Formal Sale Process.

As part of the Formal Sale Process, the Board invites expressions of interest from parties regarding a potential offer for the entire issued and to be issued ordinary share capital of the Company. The Company is being advised by Zeus Capital Limited for the purposes of Rule 3 of the Takeover Code and has also appointed Alvarez & Marsal as its financial adviser.

#### *General*

Parties interested in participating in the Formal Sale Process and/or submitting a proposal in respect of the Strategic Review (including an acquisition of all, or part of the Company's business and assets) should contact Alvarez & Marsal at [INS\\_SURFTP@alvarezandmarsal.com](mailto:INS_SURFTP@alvarezandmarsal.com).

It is currently expected that any party interested in submitting a proposal for consideration in connection with the Strategic Review and/or Formal Sale Process will, at the appropriate time, enter into a non-disclosure and standstill arrangement with the Company on terms satisfactory to the Board and on the same terms, in all material respects, as other interested parties before being permitted to participate in the Strategic Review or Formal Sale Process. The Company then intends to provide such interested parties with certain information on its business, following which interested parties will be invited to submit their proposals. Interested parties should note that due to the uncertainty in respect of the financial position of the Company, the Strategic Review and Formal Sale Process will take place on an accelerated timetable.

The Board reserves the right to alter any aspect of the Formal Sale Process outlined above or to terminate the Formal Sale Process at any time, and in such cases will make an announcement as appropriate. The Board also reserves the right to reject any approach or terminate discussions with any interested party at any time.

The Company is not currently in any discussions with any potential offeror relating to an acquisition of the issued and to be issued share capital of the Company.

Shareholders are advised that this announcement does not represent a firm intention by any person to make an offer under Rule 2.7 of the Takeover Code and there can be no certainty that any offers will be made as a result of the Formal Sale Process, that any sale will be concluded, nor as to the terms on which any offer may be made. Shareholders are advised to take no action at this time.

As a consequence of this announcement, an 'offer period' has now commenced in respect of the Company in accordance with the Takeover Code, and the attention of shareholders is drawn to the disclosure requirements of Rule 8 of the Takeover Code, which are summarised below in "Disclosure Requirements of the Takeover Code".

Further announcements will be made as appropriate.



For enquiries, please contact:

**Surface Transforms plc**

Kevin Johnson, CEO  
Steve Harrison, CFO

**+44 151 356 2141**

**Zeus (Nominated Adviser, Broker, and Rule 3 Adviser)**

David Foreman / James Edis / Ed Beddows  
(Investment Banking)  
Dominic King (Corporate Broking)

**+44 203 829 5000**

**Alvarez and Marsal (Financial Adviser)**

Tom Jack / Joe Page

[INS\\_SURFTP@alvarezandmarsal.com](mailto:INS_SURFTP@alvarezandmarsal.com)

*About Surface Transforms*

*Surface Transforms plc. (AIM:SCE) develops and produces carbon-ceramic material automotive brake discs. The Company is the UK's only manufacturer of carbon-ceramic brake discs, and only one of two mainstream carbon ceramic brake disc companies in the world, serving customers that include major OEMs in the global automotive markets.*

*The Company utilises its proprietary next generation Carbon Ceramic Technology to create lightweight brake discs for high-performance road and track applications for both internal combustion engine cars and electric vehicles. While competitor carbon-ceramic brake discs use discontinuous chopped carbon fibre, Surface Transforms interweaves continuous carbon fibre to form a 3D matrix, producing a stronger and more durable product with improved heat conductivity compared to competitor products; this reduces the brake system operating temperature, resulting in lighter and longer life components with superior brake performance. These benefits are in addition to the benefits of all carbon-ceramic brake discs vs. iron brake discs: weight savings of up to 70%, longer product life, consistent performance, reduced brake pad dust and corrosion free.*

*The Company holds the London Stock Exchange's Green Economy Mark.*

*For additional information please visit [www.surfacetransforms.com](http://www.surfacetransforms.com)*

**Notice related to advisers**

Alvarez & Marsal Europe LLP is acting exclusively for Surface Transforms and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Surface Transforms for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.

Zeus Capital Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Surface Transforms and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Surface Transforms for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.

**Important information**

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise.



This announcement (including any information incorporated by reference in this announcement) contains statements about the Company that are or may be deemed to be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof, may be forward looking statements.

These forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers should not rely on such forward-looking statements, which speak only as of the date of this announcement. The Company disclaims any obligation or responsibility to update publicly or review any forward-looking or other statements contained in this announcement, except as required by applicable law.

The distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdictions.

### **Disclosure requirements of the Takeover Code (the "Code")**

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

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should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

#### **Publication on a website**

In accordance with Rule 26.1 of the Code, a copy of this announcement will be made available (subject to certain restrictions relating to persons resident in restricted jurisdictions) on Surface Transforms' website at [www.surfacetransforms.com/investors/](http://www.surfacetransforms.com/investors/) by no later than 12 noon (London time) on the first business day following the date of this announcement. For the avoidance of doubt, the content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

#### **Rule 2.9 disclosure**

In accordance with Rule 2.9 of the Code, Surface Transforms confirms that, as at the date of this announcement, its issued share capital consists of 1,302,072,638 ordinary shares with par value of £0.01 each. The International Securities Identification Number (ISIN) for the ordinary shares is GB0002892528, and the Company's legal entity identifier (LEI) is 213800GQHNJPE508XO79.