

THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE 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 personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA if you are resident in the UK or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Existing Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The total consideration under the Retail Offer shall be less than €8 million (or an equivalent pounds sterling amount) in aggregate and so, in accordance with section 85 and schedule 11A of FSMA, the Retail Offer does not require the issue of a prospectus for the purposes of the Prospectus Rules. The Placing Shares are only available to qualified investors for the purposes of the Prospectus Regulation or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Therefore, neither the Placing nor the Retail Offer constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Rules made by the FCA pursuant to sections 73A(1) and (4) of FSMA and has not been pre-approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body and has not been approved for the purposes of section 21 of FSMA. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules. It is emphasised that no application is being made for the admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List of the FCA.

The Directors, whose names appear on page 5 of this document, accept responsibility, collectively and individually, for the information contained in this circular (including any expressions of opinion). To the best of the knowledge of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. First Admission became effective, and dealings in the Firm Placing Shares commenced, on 5 April 2024, and subject to, inter alia, the passing of the Resolutions at the General Meeting, it is expected that Second Admission will become effective, and dealings in the Second Admission Shares will commence, on or around 26 April 2024. The New Ordinary Shares will, on the First Admission and Second Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after the First Admission and Second Admission.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the FCA have examined or approved the contents of this document. Prospective investors should read this document in its entirety.

XEROS TECHNOLOGY GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with number 08684474)

**Proposed Placing and Subscription of 303,688,231 new Ordinary Shares
Retail Offer of up to 66,666,666 new Ordinary Shares
each at a price 1.5 pence per share
and
Notice of General Meeting**

Cavendish

as nominated adviser, broker and bookrunner

This document should be read as a whole and in conjunction with the accompanying Form of Proxy and the Notice of General Meeting set out at the end of this document. However, your attention is drawn to the letter from the Chairman of the Company which is set out in this document and which contains, amongst other things, the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Cavendish Capital Markets Limited ("**Cavendish**"), which is authorised and regulated in the UK by the FCA, as nominated adviser, broker and bookrunner, is acting exclusively for the Company and no one else in relation to the Placing. Cavendish is not acting for, and will not be responsible to, any person other than the Company and no one else for providing the protections afforded to clients of Cavendish or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. The responsibility of Cavendish as nominated adviser under the AIM Rules is owed solely to the London Stock Exchange and not to the Company or its Directors or any other person. Cavendish has not authorised the contents of this document and, apart from the responsibilities and liabilities, if any, which may be imported on Cavendish by

FSMA or the regulatory regime established thereunder, no liability is accepted by Cavendish for the accuracy of any information or opinions contained in or for the omission of any information from this document, for which the Company and the Directors are solely responsible.

Notice of a general meeting of the Company to be held at the Company's offices at Unit 2 Evolution Advanced Manufacturing Park, Whittle Way, Catcliffe, Rotherham S60 5BL, United Kingdom at 11:00 a.m. on 25 April 2024 is set out at the end of this document. Shareholders will find the Form of Proxy for use at the General Meeting accompanying this document. The Form of Proxy should be completed and returned to the Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 11:00 a.m. on 23 April 2024 (or, in the case of an adjournment of the general meeting, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting). Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish. For CREST Members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, please refer to note 4 of the notes to the Notice of General Meeting.

In accordance with the AIM Rules, a copy of this document will be made available at the Company's website, www.xerostech.com. The contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this document.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the Placing and/or the Retail Offer and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, Cavendish or their respective directors, partners, officers or employees.

The distribution of this document and the offer of the New Ordinary Shares in certain jurisdictions may be restricted by law. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons outside of the UK into whose possession this document comes should inform themselves about and observe any such restrictions.

This document does not constitute or form part of any offer or invitation to sell or issue or a solicitation of any offer to acquire, purchase or subscribe for New Ordinary Shares in any jurisdiction. This document must not be distributed to a US person (as such term is defined in the US Securities Act of 1933, as amended (the "**Securities Act**")) or within or into the United States, Canada, Japan, South Africa, Australia, New Zealand, the Republic of Ireland or any member state of the EEA. The New Ordinary Shares have not been and will not be registered under the Securities Act, and may not be offered or sold or subscribed, directly or indirectly, within the United States, Canada, Japan, South Africa, Australia, New Zealand, the Republic of Ireland, any member state of the EEA or to or by any US Person (as such term is defined in Regulation S promulgated under the Securities Act) or any national resident or citizen of Canada, Japan, South Africa, Australia, New Zealand, the Republic of Ireland or any member state of the EEA or any corporation, partnership or other entity created or organised under the laws thereof.

The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, 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 on or endorsed the merits of the Placing and Retail Offer or the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

UK PRODUCT GOVERNANCE REQUIREMENTS

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK MiFIR Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that the New Ordinary Shares 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 paragraphs 3.5 and 3.6 of COBS; and (ii) eligible for distribution through all permitted distribution channels (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New 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 any contractual, legal or regulatory selling restrictions in relation to the Placing and Retail Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Cavendish will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of COBS; 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 New Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "forecasts", "plans", "prepares", "targets", "anticipates", "projects", "expects", "intends", "may", "will", "seeks", or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company's and the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Company's prospects, growth and strategy. No statement in this document is intended to be a profit forecast and no statement in this document should be interpreted to mean that earnings per share of the Company for the current or future years would necessarily match or exceed the historical published earnings per share of the Company.

By their nature, forward-looking statements involve risks and uncertainties because they relate to future events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, achievements and financial condition may differ materially from those expressed or implied by the forward-looking statements in this document. In addition, even if the Company's results of operations, performance, achievements and financial condition are consistent with the forward-looking statements in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements that the Company makes in this document speak only as of the date of such statement, and none of the Company or the Directors undertake any obligation to update such statements unless required to do so by applicable law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

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DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors:	Klaas de Boer (<i>Chairman</i>) Neil Austin (<i>Chief Executive Officer</i>) Alexander Tristram (<i>Finance Director</i>) David Armfield (<i>Senior Independent Director</i>) Rachel Nooney (<i>Non-Executive Director</i>)
All of whose business address is	The Company's registered office
Company Secretary:	Alexander Tristram
Registered Office:	Xeros Technology Group plc Unit 2, Evolution Advanced Manufacturing Park Whittle Way Catcliffe Rotherham South Yorkshire S60 5BL
Nominated Adviser, Broker and Bookrunner:	Cavendish Capital Markets Limited 1 Bartholomew Close London EC1A 7BL
Solicitors to the Company:	Squire Patton Boggs (UK) LLP 60 London Wall London EC2M 5TP
Solicitors to Cavendish:	Freeths LLP 1 Vine Street London W1J 0AH
Auditors:	Crowe UK LLP The Lexicon Mount Street Manchester M2 5NT
Registrars:	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD

KEY STATISTICS

Closing Price per Existing Ordinary Share ⁽¹⁾	1.85 pence
Issue Price per New Ordinary Share	1.5 pence
Discount to Closing Price per Existing Ordinary Share	18.9%
Number of Ordinary Shares in issue as at the date of this document ⁽²⁾	224,995,142
Number of Firm Placing Shares	15,098,290
Number of Retail Offer Shares ⁽³⁾	66,666,666
Number of Subscription Shares	833,332
Number of Conditional Placing Shares ⁽⁴⁾	287,756,609
Total number of New Ordinary Shares to be issued by the Company pursuant to the Fundraise ⁽⁵⁾	370,354,897
Total number of New Ordinary Shares as a percentage of the Enlarged Share Capital immediately following Second Admission ⁽⁵⁾	
Enlarged Share Capital immediately following Second Admission ⁽⁵⁾	580,251,749
Estimated Net Proceeds of the Fundraise ⁽⁵⁾	£5.05 million
Ordinary Share ISIN	GB00BMGYBJ57
SEDOL	BMGYBJ5

(The above assumes that there are no further issues of Ordinary Shares between the date of this document and Second Admission).

Notes:

1. As at 3 April 2024, being the last working day prior to the announcement of the Fundraise.
2. This figure includes the Firm Placing Shares.
3. Assuming successful applications are received for all available Retail Offer Shares.
4. Assuming that that the Second Admission Shares are issued and allotted and Second Admission occurs.
5. Based on the Estimated Expenses and assuming successful applications are received for all available Retail Offer Shares and that the Second Admission Shares are issued and allotted and Second Admission occurs.

EXPECTED TIMETABLE OF KEY EVENTS

2024

Announcement of the Placing, Subscription and Retail Offer	4:40 p.m. 4 April
Retail Offer opened	5:00 p.m. 4 April
Date of this document, publication and posting of this document and Form of Proxy	8 April
Retail Offer closes	12:00 p.m. on 19 April
Announcement of the results of the Retail Offer	19 April
Latest time and date for receipt of Forms of Proxy or electronic proxy appointments for use at the General Meeting	11:00 a.m. on 23 April
General Meeting	11:00 a.m. on 25 April
Announcement of the results of the General Meeting	25 April
First Admission and commencement of dealings in the Firm Placing Shares	8:00 a.m. on 5 April
Second Admission and commencement of dealings in the Conditional Placing Shares, Retail Offer Shares and Subscription Shares	8:00 a.m. on 26 April
CREST Members' accounts credited in respect of the following New Ordinary Shares in uncertificated form:	
Firm Placing Shares	5 April
Second Admission Shares	26 April
Expected despatch of definitive share certificates for the following New Ordinary Shares in certificated form:	
Firm Placing Shares	within 10 business days of First Admission
Second Admission Shares	within 10 business days of Second Admission
Long Stop Date	31 May 2024

Notes:

1. Each of the above dates is subject to change at the absolute discretion of the Company or Cavendish.
2. All events listed in the above timetable following the General Meeting are conditional on, *inter alia*, the passing of the Resolutions at the General Meeting.
3. All of the above times refer to London times.

DEFINITIONS

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

"Additional Subscription Shares"	the 185,177,444 additional new Ordinary Shares that the Company may issue at the Issue Price, to raise up to approximately £2.77 million
"AIM"	a market operated by the London Stock Exchange
"AIM Rules"	the rules for AIM companies and their nominated advisers issued by the London Stock Exchange
"Bookbuild" or "Bookbuild Platform"	the online platform through which the Retail Offer is being conducted
"Cavendish"	Cavendish Capital Markets Limited, registered in England and Wales under number 06198898 whose registered office is at One Bartholomew Close, London EC1A 7BL (together with its affiliates), and for the purpose of trade settlement in the Placing means Cavendish Securities plc, registered in England and Wales under number 05210733 whose registered office is at One Bartholomew Close, London EC1A 7BL
"Closing Price"	the closing middle market quotation of an Existing Ordinary Share as derived from the Daily Official List of the London Stock Exchange on 3 April 2024
"Company"	Xeros Technology Group plc (company number: 08684474)
"Conditional Placing"	The proposed placing of the Conditional Placing Shares at the Issue Price on behalf of the Company subject, inter alia, to the passing of the Resolutions at the General Meeting of the Company
"Conditional Placing Shares"	up to 355,256,607 Placing Shares to be issued pursuant to the Placing and admitted to trading on AIM at Second Admission
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
"CREST Manual"	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996, as amended)
"CREST Member"	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)

"CREST Sponsor"	a CREST participant admitted to CREST as a sponsor
"CREST Sponsored Member"	a CREST Member admitted to CREST as a sponsored member
"Current Articles"	the articles of association of the Company dated 25 November 2020
"Directors" or "Board"	the board of directors of the Company
"Enlarged Share Capital"	the issued share capital of the Company immediately following Second Admission comprising the Existing Ordinary Shares and the New Ordinary Shares
"Estimated Expenses"	the estimated expenses incurred in connection with the Fundraise, being approximately £0.5m
"EU"	the European Union
"Euroclear"	Euroclear UK & International Limited, the operator of CREST
"Existing Ordinary Shares"	the 224,995,142 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM and being the entire issued ordinary share capital of the Company
"FCA"	the UK's Financial Conduct Authority
"Firm Placing"	the placing of the Firm Placing Shares at the Issue Price on behalf of the Company
"Firm Placing Shares"	15,098,290 New Ordinary Shares allotted and issued to new and existing institutional investors by the Company pursuant to the Placing and admitted to trading on AIM at First Admission
"First Admission"	the admission of the Firm Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
"Form of Proxy"	the form of proxy for use in connection with the General Meeting accompanying this document
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Fundraising" or "Fundraise"	together the Placing, Subscription and Retail Offer
"General Meeting"	the general meeting of the Company convened for 11:00 a.m. on 25 April 2024 to approve the Resolutions, or any adjournment thereof, notice of which is set out at the end of this document
"Gross Proceeds"	the proceeds from the issue of the New Ordinary Shares, prior to the deduction of the Estimated Expenses, being up to approximately £5.05 million
"Group"	the Company and its subsidiaries Xeros Limited, Xeros Inc., and Xeros Environmental Protection Technology (Shanghai) Co., Ltd.

"HMRC"	His Majesty's Revenue & Customs
"HMRC EIS Advance Assurance"	assurance issued by HMRC that it believes it will be able to authorise the Company to issue compliance certificates under section 204(1) of the Income Tax Act 2007
"ISIN"	International Securities Identification Number
"Issue Price"	1.5 pence per New Ordinary Share
"London Stock Exchange"	London Stock Exchange plc
"Money Laundering Regulations"	the Money Laundering Regulations 2007, the money laundering provisions of the Criminal Justice Act 1993, Part VIII of FSMA (together with the provisions of the Money Laundering Sourcebook of the FCA and the manual of guidance produced by the Joint Money Laundering Steering Group in relation to financial sector firms), the Terrorism Act 2000, the Anti Terrorism Crime and Security Act 2001, the Proceeds of Crime Act 2002 and the Terrorism Act 2006
"Net Proceeds"	the proceeds from the issue of the New Ordinary Shares, after the deduction of Estimated Expenses, being up to £5.05 million
"New Ordinary Shares"	together the Placing Shares, Subscription Shares and Retail Offer Shares
"Notice of General Meeting"	the notice of the General Meeting set out at the end of this document
"OEM"	an original equipment manufacturer
"Ordinary Shares"	ordinary shares of 0.1 pence each in the capital of the Company
"Overseas Shareholders"	shareholders with registered addresses outside the United Kingdom or who are citizens or residents of countries outside the United Kingdom
"Placing"	the proposed placing by Cavendish, as agents to the Company, of the Placing Shares at the Issue Price on a non-pre-emptive basis, on the terms and conditions set out in the Placing Agreement
"Placing Agreement"	the agreement between the Company and Cavendish dated 4 April 2024 in connection with the Placing and Retail Offer
"Placing Shares"	302,854,899 New Ordinary Shares to be allotted and issued to new and existing institutional investors by the Company pursuant to the Placing (comprising the Firm Placing Shares and the Conditional Placing Shares)
"Prospectus Regulation"	EU Regulation 2017/1129 (which forms part of UK domestic law pursuant to the European Union (Withdrawal) Act 2018) on the requirements for a prospectus to be published when securities are offered to the public or admitted to trading

"Prospectus Rules"	the prospectus rules published by the FCA pursuant to section 73A of FSMA
"Registrar"	Neville Registrars Limited
"Resolutions"	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting at the end of this document
"Restricted Jurisdiction"	each and any of the US, Canada, Japan, South Africa, Australia, New Zealand, the Republic of Ireland and any member state of the EEA and any other jurisdiction where the extension or the availability of the Retail Offer would breach any applicable law
"Retail Investors"	eligible investors in the Retail Offer
"Retail Offer"	the offer of new Ordinary Shares to be subscribed for by Retail Investors via the Bookbuild Platform at the Issue Price and admitted to trading as part of First Admission, subject to and conditional upon the Resolutions being passed at the General Meeting
"Retail Offer Shares"	66,666,666 New Ordinary Shares to be issued pursuant to the Retail Offer subject to, inter alia, the passing of the Resolutions at the General Meeting
"RIS"	a regulatory information service as defined by the AIM Rules
"Second Admission"	the admission of the Second Admission Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
"Second Admission Shares"	together the Conditional Placing Shares, the Retail Offer Shares and the Subscription Shares
"Securities Act"	the US Securities Act of 1933
"SEDOL"	Stock Exchange Daily Official List
"Shareholders"	holders of Ordinary Shares
"Subscribers"	certain of the Directors who have agreed to participate in the Subscription on the terms of the Subscription Letters
"Subscription"	the subscriptions to be made at the Issue Price by, or on behalf of, the Subscribers on the terms of the Subscription Letters
"Subscription Letters"	the subscription letters entered in to between the Company and each of the Subscribers pursuant to which they will agree to subscribe for certain of the Subscription Shares
"Subscription Shares"	833,332 new Ordinary Shares to be allotted and issued to the Subscribers pursuant to the Subscription
"UK"	United Kingdom
"US" or "United States"	United States of America, its territories and possessions, any State

of the United States, and the District of Columbia

"USE" an unmatched stock event

"VCT" a company which is, for the time being, approved as a venture capital trust as defined by section 259 of the Income Tax Act 2007

"VCT Relief" the income tax relief available to investors of a VCT

All references in this document to "£", "pence", "p" or "pounds sterling" are to the lawful currency of the UK, all references to "US\$" or "\$" are to the lawful currency of the United States

LETTER FROM THE CHAIRMAN OF XEROS TECHNOLOGY GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with number 08684474)

Directors:

Klaas de Boer
Neil Austin
Alex Tristram
David Armfield
Rachel Nooney

Registered Office:

Xeros Technology Group plc
Unit 2, Evolution Advanced
Manufacturing Park
Whittle Way
Catcliffe, Rotherham
South Yorkshire
S60 5BL

8 April 2024

Dear Shareholder,

**PROPOSED PLACING AND SUBSCRIPTION OF UP TO 303,688,231 NEW ORDINARY
SHARES,
RETAIL OFFER OF UP TO 66,666,666 NEW ORDINARY SHARES,
EACH AT A PRICE OF 1.5 PENCE PER ORDINARY SHARE
AND
NOTICE OF GENERAL MEETING**

1. INTRODUCTION

Further to the announcement of 4 April 2024 in which the Board stated its intention to raise further equity share capital, the Company is pleased to confirm today that it has now conditionally raised £4.55 million before fees and expenses by way of the Placing and Subscription with existing and new institutional investors at an Issue Price of 1.5 pence per Placing Share. The Placing is not being underwritten.

To provide Shareholders who have not taken part in the Placing with an opportunity to participate in the Fundraise, the Company is providing all existing Shareholders with the opportunity to subscribe for up to 66,666,666 Retail Offer Shares at the Issue Price, via the Bookbuild Platform, to raise up to £1.0 million (before expenses), by way of the Retail Offer. The Retail Offer is not being underwritten.

The Placing is being effected in two tranches:

- 15,098,290 Firm Placing Shares, admitted to trading on AIM on 5 April 2024; and
- 355,256,607 Conditional Placing Shares, Retail offer Shares and Subscription Shares, conditional on the passing of the Resolutions at the General Meeting, expected to be admitted to trading on AIM on 26 April 2024.

The Issue Price represents a discount of 18.9% to the Closing Price, being the latest practical date prior to the publication of this document. The Firm Placing Shares and Second Admission Shares will represent, respectively, approximately 2.6% and 61.2% of the Company's issued ordinary share capital following First Admission and Second Admission (assuming the Retail Offer Shares are taken-up in full).

The total amount that the Company could therefore raise in respect of the Fundraise is £5.55

million (before expenses), assuming that the Retail Offer is fully subscribed.

The Firm Placing Shares were allotted and issued under the Company's existing authorities to allot and issue shares and disapply pre-emption rights obtained at the Company's annual general meeting on 23 May 2023.

For the Conditional Placing, Retail offer and Subscription to proceed, the Company requires Shareholders' approval to authorise the Directors to allot the Conditional Placing Shares, Retail Offer Shares and Subscription Shares and disapply pre-emption rights in relation to the issue of the Conditional Placing Shares, Retail Offer Shares and Subscription Shares. I am writing to provide you with details of the Fundraise and to give you notice of the General Meeting to consider and, if thought fit, approve the Resolutions to grant these authorities. If the Resolutions are not passed at the General Meeting the Conditional Placing, Retail offer and Subscription will not occur and the proceeds in relation to these will not be received by the Company. The General Meeting is to be held at the Company's offices at Unit 2 Evolution Advanced Manufacturing Park, Whittle Way, Catcliffe, Rotherham S60 5BL, United Kingdom at 11:00 a.m. on 25 April 2024. The formal notice of General Meeting is set out at the end of this document.

2. REASONS FOR THE FUNDRAISE AND USE OF PROCEEDS

2.1. Reasons for the Fundraise

Xeros today has three core areas of focus in its Filtration ("**XF**"), Care ("**XC**") and Finish ("**XFN**") technologies (together "**Core Technologies**"). The Core Technologies together target the textile production and consumption stages of the global apparel value chain addressing c.60 per cent. of the apparel industry's total climate impact. As a global leader in sustainable textile technologies Xeros has been actively involved with legislators, industry groups and non-government organisations to show the scale of the environmental challenge and demonstrate the effectiveness of its solutions.

The Board is very encouraged with the Company's current positioning as regards the Core Technologies and the scope for growth they offer which is the result of many years' development and approximately £150 million in aggregate investment to date, which has yielded the strong licensing progress and commercial momentum of the last few years. The Company now has license agreements in place with five manufacturers of garment washing/processing machines, three major European manufacturers of components for the machine supply chain and is in direct commercial discussions with six of the top ten global washing machine manufacturers in relation to Xeros Filtration or Care technology.

The Board conservatively estimate Xeros' Core Technologies, based on current agreements in-place with license and development partners, to provide an addressable global market opportunity of c£40m-£50m pa in revenue terms to Xeros in the medium term, though believe the Company is now at an important inflection point whereby the route to nearer-term meaningful revenue is clear, with a number of the Company's commercial partners now believed to be close to commercial-scale roll-out of machinery containing some element of Xeros' IP.

Whilst the Board is highly confident as regards the route to near-term revenue, with first royalty income and month on month cashflow and EBITDA breakeven expected during the second half of FY24, in-line with prior guidance, given the inherent uncertainties as regards the precise timing of this and having regard to the Company's current cash position as set out in the paragraph headed "Current Trading and Outlook" below, and for the other reasons set out in the paragraph headed "Use of Proceeds" below the Board is now proposing to undertake the Fundraising, though does so with a commercial strategy refocused around high-margin license fees and recurring consumable revenues, a lean cost base and its well-positioned suite of Core Technologies:

Filtration ("XF")

The imperative for microfibre filtration in both commercial and domestic washing machines is increasing rapidly with the human, business and environmental impact of microplastics now well established and legislative control of the resulting pollution fast approaching. Legislation is now

imminent in France driving early adoption of technology (effective 1 January 2025) with similar regulatory agendas in the EU more broadly and the USA adding to market momentum. Against that backdrop the Board is highly confident that Xeros is well placed to capitalise with its market-leading XF offering which has been third-party verified to be 99 per cent. effective in terms of microplastic capture.

The Company has been busy extending its offering in filtration, with the soft launch of its external filtration device (XF³) in addition to its internal device (XF¹), an offering which will provide a wider choice to manufacturers and consumers alike.

The Company now has in place licensing agreements with three major European component manufacturers, which facilitate 'approved supplier' status for 99 per cent. of major washing machine brands, as well as significant engagement with other leading global OEMs across all of the Company's technology platforms. Conservative Board estimates, based on low level penetration of the EMEA domestic washing machine market (estimated to be c.25 - 30 million units per annum), reflect capturing 0.4% to 1.4% of the EMEA market and provide a near-term revenue opportunity of c. £0.3m to £1.6m on the Company's overall XF offering, with variability driven by both partner unit sales and margin which is expected to differ between the Company's internal and external filtration solutions. The first royalty income is expected during the second half of FY24, and the Board believes the potential for XF is significantly larger over the longer term.

Care ("XC")

The Company has continued to work with its partner IFB Industries Limited ("IFB"), a top 3 Indian brand, which has already launched an XC-enabled 11kg domestic washing machines, designed for large households in India, and which is now in field trials on a smaller 9kg domestic machine suitable for the Indian mass market; the Board remains confident that these trials will advance to a mass market launch and first royalty revenues during FY24.

Progress is also being made with Xeros' other commercial laundry partners. Georges SAS, the Company's French commercial laundry partner is now using XC-enabled machines across laundry sites caring for uniforms on behalf of Air France and SNCF, with SNCF demonstrating 20% increased uniform lifetimes (equivalent to 12-18 months' additional use) by using the Xeros XC technology. In the UK, the Company's partner Ecoprod, an environmental solutions provider and water-usage reduction expert, is facilitating access for the XC technology to the leisure, private healthcare, NHS and hospitality markets in the UK; this route to market is also expected to yield royalty income during the course of FY24.

Other initiatives currently underway and which are expected to produce new commercial agreements during FY24 include advanced discussions with other major European and North American commercial laundry manufacturers for licensing of the XC technology as well as active engagement with 6 of the top-10 global washing machine brands. Xeros are in advanced discussions with one of the world's largest washing machine manufacturers and currently retrofitting an XDrum and XOrb capability to one of said manufacturer's machines.

The Company's Care technology is split between applications for the domestic (XC1) and commercial (XC2) markets. Across these two applications and based on limited penetration of current license partner output, the Board estimate a near-term revenue opportunity of between £0.6m and £2.5m (with associated additional ongoing annual income of approximately £0.1m over the life of commercial machines from the sale of XOrb polymer beads) with these expected to commence during the course of FY24.

Finish ("XFN")

The broader opportunity for XFN posed by the global fashion industry is very significant. As the world's third largest manufacturing industry (behind only automobile and technology) the fashion industry is reportedly responsible for between 2-8 per cent. of global carbon emissions, uses 79 trillion litres of water and produces 92 million tons of solid waste each year. In that

context apparel companies are now taking serious steps to reduce their impact. The Board are confident that the XFN technology has a direct role to play in helping to achieve this with its ability to reduce usage of water, chemicals and pumice in the denim finishing process - c.2.0 billion pairs of jeans are made every year with the Company estimating that XFN is capable of saving 0.15US\$ on the production cost of every pair of jeans, saving an estimated 44 tonnes of carbon emissions for each XFN-enabled machine each year, whilst offering manufacturers attractive pay back profiles for the associated investment.

Xeros' nearest term opportunity as regards XFN lies with its license and distribution agreement with KRM Tekstil Boya San. Tic Ltd ("**KRM**") which provides KRM with 10-year, worldwide non-exclusive distribution rights for top-three global supplier Yilmak Makine ("**Yilmak**") manufactured machinery incorporating Xeros' XFN technology for denim processing, garment finishing and garment dyeing. This agreement is expected to yield royalty revenue during FY24.

The Company is also in advanced discussions with a market leading apparel brand for a Xeros technology produced 'range' of denim, and bulk trials have also been carried out with a European retail brand. Additionally, the Group's area of expertise within denim has also been strengthened by the strategic addition of a new denim expert to its advisory board.

Based on a conservative rate of penetration of the annual sales of its key XFN license partner, the Company estimates that revenue as generated from both royalties on machine sales and the sale of XOrbs to be between £0.3m and £0.9m, with additional revenue to be generated in future years over the life of machines (estimated to be between 10 and 15 years) via additional sales of XOrbs.

2.2. Use of proceeds

The net proceeds of the Fundraise amounting to approximately £5.05 million (assuming full take-up of the Retail Offer) will be used to:

- strengthen the Company's balance sheet, enabling execution of current contracts, pursuit of global opportunities and to provide reassurance to contract counterparties;
- provide working capital as the Company advances commercialisation of its Core Technologies;
- provide contingency against timing of royalty income and operational cash flow break-even; and
- as appropriate, scale operations and accelerate development of other markets and applications for the Company's IP.

3. CURRENT TRADING AND OUTLOOK

In the Company's reported interim results to 30 June 2023 the Board noted significant progress in all areas of the business with commercial momentum building. Since those results the Company has reported that adjusted LBITDA (loss on ordinary activities before interest, tax, share-based payment expense, warrant expense, depreciation and amortisation) for FY23 is expected to be in line with expectations as a result of the Board's continued focus on cost control with year-end cash closing out in line with expectations (on an unaudited basis) at c.£1.6m, boosted during December 2023 by receipt of an R&D tax credit payment of approximately £0.5m from HMRC. Overall net monthly cash burn in FY23 was c.£0.4m.

Since 31 December 2023 a further c.£1.68m cash has been raised from the exercise of outstanding warrants to subscribe for new Ordinary Shares at a price of 2.85p each ("**Warrants**"). There are no Warrants now outstanding. As a result the current cash runway (prior

to completion of the Fundraising) of the Company would last the Company until approximately August 2024, assuming no curtailment of current operations.

4. DETAILS OF THE FUNDRAISE

4.1. The Fundraise

The Company has conditionally raised £4.55 million (before fees and expenses) by way of a conditional, non-pre-emptive Placing and Subscription of 303,688,231 new Ordinary Shares at the Issue Price.

The allotment and issue of the Conditional Placing Shares, Retail Offer Shares and Subscription Shares are conditional on the passing of the Resolutions at the General Meeting.

The Issue Price represents a discount of approximately 18.9% from the Closing Price. The New Ordinary Shares will represent approximately 63.8% of the Enlarged Share Capital following Second Admission. In order to broaden the Company's institutional investor base and to minimise the time and transaction costs of the Fundraise, the Placing Shares are only being placed by Cavendish with a limited number of existing and new investors. The Placing Shares are not being made available to the public.

The New Ordinary Shares will be free of all liens, charges and encumbrances and will, when issued and fully paid, be identical to and rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all future distributions, declared, paid or made in respect of the Ordinary Shares following the date of First Admission and Second Admission (as applicable).

Certain of the Directors are intending to participate in the Fundraise pursuant to separate Subscription Letters and via the Retail Offer, all at the Issue Price. Their aggregate participation will amount to 4,166,665 New Ordinary Shares. Further details are set out in paragraph 6 below.

4.2. The Placing Agreement

In connection with the Fundraise, the Company has entered into the Placing Agreement pursuant to which Cavendish has agreed, in accordance with its terms, to use reasonable endeavours to procure subscribers for the Placing Shares and to co-ordinate the Retail Offer in each case at the Issue Price. The Placing and Retail Offer are not underwritten.

In accordance with the terms of the Placing Agreement, the Fundraise is conditional upon, amongst other things, the passing of the Resolutions, the conditions in the Placing Agreement being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Admission occurring on or before 31 May 2024 (or such later date as Cavendish may agree).

The Placing Agreement contains certain warranties given by the Company in favour of Cavendish concerning, amongst other things, the accuracy of information given in this document and the announcement made by the Company in respect of the Fundraise as well as other matters relating to the Group and its business.

The Placing Agreement is terminable by Cavendish in certain circumstances up until the time of Second Admission, including, *inter alia*, should there be a breach of a warranty contained in the Placing Agreement or a *force majeure* event takes place or a material adverse change occurs to the business of the Company or the Group. The Company has also agreed to indemnify Cavendish against all losses, costs, charges and expenses which Cavendish may suffer or incur as a result of, occasioned by or attributable to the carrying out of its duties under the Placing Agreement.

The Placing is not conditional on the Retail Offer proceeding or on any minimum take-up under the Retail Offer.

4.3. The Retail Offer

Pursuant to the terms of the Retail Offer, the Company has made the Retail Offer to Retail Investors only through intermediary financial institutions appointed by the Company in connection with the Retail Offer via the Bookbuild Platform.

Conditional on, amongst other things, the Resolutions being duly passed at the General Meeting and First Admission, up to 66,666,666 Retail Offer Shares will be issued through the Retail Offer at the Issue Price to raise proceeds of up to approximately £1.0 million (before expenses).

If the Retail Offer is taken up in full, the Retail Offer Shares will represent approximately 11.4% per cent. of the Enlarged Share Capital. The Retail Offer Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares then in issue.

A further announcement was made by the Company on 4 April 2024 regarding further details of the Retail Offer and how investors may participate in the Fundraising.

4.4. Admission of the New Ordinary Shares

Application was made to the London Stock Exchange for the Firm Placing Shares to be admitted to trading on AIM, and will be made in respect of Second Admission Shares, subject, *inter alia*, to the passing of the Resolutions at the General Meeting. First Admission was effective in respect of, and that dealings on AIM commenced in, all of the Firm Placing Shares, on 5 April 2024, and it is expected that Second Admission will become effective in respect of, and that dealings on AIM will commence in, all of the Conditional Placing Shares, Retail offer Shares and Subscription Shares, on or around 26 April 2024.

CREST accounts of the investors in the Firm Placing Shares who hold their Ordinary Shares in CREST were credited with their Firm Placing Shares on 5 April 2024, and CREST accounts of the investors in the Conditional Placing Shares, Retail offer Shares and Subscription Shares who hold their Ordinary Shares in CREST will be credited with their Conditional Placing Shares, Retail offer Shares and Subscription Shares on 26 April 2024. In the case of investors in the New Ordinary Shares holding their Ordinary Shares in certificated form, it is expected that certificates will be dispatched within 10 business days of Second Admission as applicable. Pending dispatch of the share certificates or the crediting of CREST accounts, the Registrar will certify any instruments of transfer against the register.

5. SUBSCRIPTION DEED AND ADDITIONAL SUBSCRIPTION SHARES

In connection with the Placing, the Company has entered into a deferred subscription deed ("the **Deferred Subscription Deed**") with Amati Global Investors Limited entitling Amati AIM VCT Plc ("**Amati**") to subscribe for a further 33,333,333 new Ordinary Shares at the Issue Price at any time before 31 January 2025, the number of shares corresponding to half the number of shares subscribed by Amati in the Placing.

To provide all investors in the Fundraise with the same right to subscribe for new Ordinary Shares on economic terms consistent with those provided to Amati, as outlined above, the Company is also now seeking authority to issue and allot Additional Subscription Shares conditional on the passing of the Resolutions at the General Meeting. If passed, the Resolutions would allow the Company to issue additional Ordinary Shares in the future to all investors in the Fundraise (in proportion to their holding of New Ordinary Shares at the relevant point in time) to raise up to a further £2.77 million at the Issue Price in aggregate, including the shares subject to the Deferred Subscription Deed. It is intended that the Company will make further announcements concerning any additional subscriptions at the appropriate time, however, there can be no guarantee that such subscriptions can be concluded.

6. RELATED PARTY TRANSACTIONS

Canaccord Genuity Asset Management Limited, Lombard Odier Investment Managers Neil Austin, Alex Tristram and Klaas de Boer are each a Related Party (as defined by the AIM Rules), and will be participating in the Fundraise as follows:

	<i>Current Holding of Existing Shares</i>	<i>% of Existing Ordinary Shares</i>	<i>Number of New Ordinary Shares</i>	<i>Holding post Second Admission</i>	<i>% of Enlarged Share Capital</i>
Canaccord Genuity Asset Management Limited	38,809,146	18.49%	13,333,333	52,142,479	8.93%
Lombard Odier Investment Managers	22,893,266	10.91%	33,333,333	56,226,599	9.63%
Neil Austin	200,000	0.10%	666,666	866,666	0.15%
Alex Tristram	0	0%	166,666	166,666	0.03%
Klaas de Boer	5,050,000	2.41%	3,333,333	8,383,333	1.44%

The participation of Neil Austin and Alex Tristram by way of the Subscription and Klaas de Boer's intention to participate via the Retail Offer (the "**Participating Directors**") constitute related party transactions by virtue of them each being Directors. The Directors (excluding the aforementioned Directors participating in the Fundraise) consider, having consulted with Cavendish (the Company's nominated adviser), that the terms of Participating Directors subscription in the Fundraising are fair and reasonable insofar as the Company's Shareholders are concerned.

The participation in the Placing of Canaccord Genuity Asset Management Limited and Lombard Odier Investment Managers constitute related party transactions by virtue of their being substantial shareholders in the Company. The Directors consider, having consulted with Cavendish (the Company's nominated adviser), that the terms of their participation in the Fundraising are fair and reasonable insofar as the Company's shareholders are concerned.

7. HMRC EIS ADVANCE ASSURANCE

The Company has received clearance from HMRC that the Group's business qualifies for EIS Relief. The Company has been advised that a subscription for Ordinary Shares by a VCT is capable of being a 'qualifying holding' for VCT Relief. Although qualifying investors should obtain tax relief on their investments under EIS relief or VCT relief and save where specifically and expressly agreed in writing, neither the Company nor the Directors can provide any warranty or guarantee in this regard. Investors must take their own advice and rely on it.

Save where specifically and expressly agreed in writing, neither the Company nor the Directors give any warranties or undertakings that EIS Relief or VCT Relief, if granted, will not be withdrawn or that the business will be managed in such a way as to preserve EIS or VCT relief. Investors must take their own advice and rely on it. If the Group carries on activities beyond those disclosed to HM Revenue & Customs, then shareholders may cease to qualify for the relevant tax benefits.

8. RISK FACTORS

Future need for access to capital

There is a risk that the amount that the Group anticipates will be needed to fund its business plan until the point at which the Board expects each of the Group's applications to reach EBITDA

breakeven will be insufficient or that the Group may be unable to raise the amounts required to fund the Group until then (if at all). Costs may be greater than planned, or timings may vary from those targeted, which could have a material adverse effect on the implementation of the Group's strategy and its business, operating results and financial condition.

Dependence on third parties

The majority of products incorporating the Group's technology are in the early to mid-stages of being produced on a fully commercial scale. As a result, the Group is dependent on a limited number of commercial partners to demonstrate the ability to scale up such production. Failure to operate production at an increased capacity may have a material adverse effect on the growth of the Group's business and its financial position.

The Group is dependent on a limited number of key suppliers in relation to the production of its polymers. Should any such key supplier cease to deal with the Group for any reason and/or materially and adversely change the terms upon which it deals with the Group, difficulties may be experienced by the Group in sourcing alternative suppliers on acceptable terms. Any such disruption to the Group's supply arrangements may have a material adverse effect on the growth of the Group's business and its financial position.

Commercialisation risk

The Group has, and will continue to enter into, arrangements with third parties in respect of the development, production and commercialisation of products based on its technology. The Group's negotiating position in agreeing terms of either joint development, distribution, service or supply arrangements may be affected by its size of cash resources relative to potential development partners with substantial cash resources and established levels of commercial success. An inability to enter into or renew such arrangements on favourable terms, if at all, or disagreements between the Group and any of its potential partners could lead to delays in the Group's commercialisation strategy and this may have a significant adverse effect on the Group's business, financial condition and results.

The loss of, or changes affecting, the Group's relationships with commercialisation partners could adversely affect the Group's results or operations and the Group may have limited input on the product strategies adopted by any of its partners. Furthermore, there is a risk that such partners may reprioritise within their product portfolio resulting in the Group achieving sales below that which the Directors anticipate. In any such arrangement, the Group will be dependent on such partners for its revenue and the sales strategies and product positioning of the Group's partners may have a material and adverse effect on the Group's business, financial condition and results of operations.

The Group is currently dependent on a relatively small number of commercial partners. If any of these companies were to cease to work with the Group, it could potentially have a material adverse impact on the trading, financial condition and prospects of the Group.

Intellectual property

The Group's success depends in part on its ability to maintain adequate protection of its intellectual property, covering its processes and applications. The intellectual property on which the Group's business is based is a combination of patent applications and proprietary know-how. No assurance can be given that any pending patent applications or any future patent applications will result in granted patents, that any patents will be granted on a timely basis, that the scope of any patent protection will exclude competitors or provide competitive advantages to the Group, that any of the Group's patents will be held valid if challenged, or that third parties will not claim rights in, or ownership of, the patents and other proprietary rights held by the Group.

There can be no assurance that others have not developed or will not develop similar products, duplicate any of the Group's products or design around any patent applications held by the Group. Others may hold or receive patents which contain claims having a scope that covers products developed by the Group (whether or not patents are issued to the Group). In addition, no

assurance can be given that others will not independently develop or otherwise acquire substantially equivalent techniques or otherwise gain access to the Company's unpatented proprietary technology or disclose such technology or that the Company can ultimately protect meaningful rights to such unpatented technology.

Once granted, a patent can be challenged both in the relevant patent office and in the courts by third parties. Third parties can bring material and arguments which the patent office granting the patent may not have seen. Therefore, issued patents may be found by a court of law or by the patent office to be invalid or unenforceable or in need of further restriction.

A substantial cost may be incurred if the Group is required to assert its intellectual property rights, including any patents, against third parties. Patent litigation is costly and time consuming and there can be no assurance that the Group will have, or will be able to devote, sufficient resources to pursue such litigation. Potentially unfavourable outcomes in such proceedings could limit the Group's intellectual property rights and activities. There is no assurance that obligations to maintain the Group's or partners' know-how would not be breached or otherwise become known in a manner which provides the Group with no recourse.

There is a risk that certain objections which have been raised, or may be raised in the future, by patent offices in relation to the patent applications which have been filed by the Group, may prevent those patent applications from being granted. If the patent applications are not granted, the consequence is that the techniques and processes described in the patent applications would not be protected and would be in the public domain.

The Group operates its business under the Xeros brand and several product specific sub-brands in respect of which it has acquired a number of related trademarks in various jurisdictions. It is possible that third parties may seek to oppose the Group trademarks in certain jurisdictions and/or infringe the Group's intellectual property rights in these brands. The Group may in the future seek to enter new markets where it will not be able to protect its trademarks or they may be subject to challenge or dispute which may lead to delays or restrictions on the Group's commercialisation strategy and this may have a significant effect on the Group's business, financial condition and results.

Any claims made against the Group's intellectual property rights, even without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on the Group's resources. A third party asserting infringement claims against the Group and its customers could require the Group to cease the infringing activity and/or require the Group to enter into licensing and royalty arrangements. The third party could also take legal action which could be costly to defend. In addition, the Group may be required to develop alternative non-infringing solutions that may require significant time and substantial unanticipated resources. There can be no assurance that such claims would not have a material adverse effect on the Group's business, financial condition or results.

Third party intellectual property

Although the Board believes that the Group's current products, products in development and processes do not infringe the intellectual property rights of any third parties, it is impossible to be aware of all third party intellectual property. No assurance can be given that third parties will not in the future claim rights in or ownership of the patents and other proprietary rights from time to time held by the Group. As further detailed above, substantial costs (both financially and in management time) may be incurred if the Group is required to defend its intellectual property.

Research and development risk

The Company is involved in new product and applications development. Although the Group has now developed a number of commercial and marketable products and applications, some of the Group's technology and intellectual property portfolio is at an early stage of commercial development and there is no guarantee that the Group will continue to be successful in commercialising its products and applications development. The Group may not be able to develop and exploit its technology sufficiently to enable it to develop additional commercial and

marketable products. Furthermore, the Group may not be able to develop new applications or identify additional market needs that can be addressed by the Group's technology.

Risk of competing technology

There is a risk that technological advances in competing technology and/or the lower cost of such technology may impede the commercial exploitation of the Group's technology. This would have a significant adverse effect on the Group's business.

Risks associated with the commercialisation of products and services

The Group needs to continue to invest resources in products and services development in order to develop and enhance the Group's existing products and services and introduce new high quality products and services. If the Group is unable to ensure that its customers have a high quality experience with the Group's products and services, then they may become dissatisfied and move to competitors' products and services. In addition, if the Group is unable to predict customer preferences or industry changes, or if the Group is unable to modify its products and services on a timely basis, the Group may lose customers.

The Group's future success will depend on its ability to adapt to changing market needs and circumstances, to adapt its products and services to evolving industry standards and to improve the performance and reliability of the Group's services. Failure to adapt to such changes would harm the Group's business.

In addition, the adoption by customers of multiple uses for its polymer spheres is likely to require continued expenditure by the Group. Moreover, the Directors believe that its continued success depends on continued investment in its business strategies. Because these endeavours may be inherently risky, no assurance can be given that such endeavours will be successful and in the event they are not, adversely affect the Group's business, operating results or financial condition.

9. GENERAL MEETING

A notice convening a General Meeting, to be held at the Company's offices at Unit 2 Evolution Advanced Manufacturing Park, Whittle Way, Catcliffe, Rotherham S60 5BL, United Kingdom at 11:00 a.m. on 25 April 2024, is set out at the end of this document.

At this meeting, as set out in the Notice of General Meeting:

- Resolution 1 is an ordinary resolution to authorise the Directors under section 551 of the Companies Act 2006 to allot the Second Admission Shares and Additional Subscription Shares; and
- Resolution 2 is a special resolution to authorise the Directors under section 570 of the Companies Act 2006, to allot the Second Admission Shares and Additional Subscription Shares pursuant to the Fundraise on a non-pre-emptive basis.

The Directors do not, at present, intend to issue any share capital other than in connection with the Fundraise and the Additional Subscription Shares.

The Directors have concluded that proceeding with the Placing and Subscription alongside the Retail Offer, is the most suitable option available to the Company for raising additional funds through the issue of Ordinary Shares and that issuing the Placing Shares, Subscription Shares and Retail Offer Shares at such a discount under the Fundraise is fair and reasonable so far as all existing Shareholders are concerned. The Issue Price has been set by the Directors following their assessment of market conditions and following discussions with a number of institutional investors.

10. ACTIONS TO BE TAKEN

In respect of the General Meeting

Shareholders will find enclosed a Form of Proxy for use at the General Meeting. Whether you are going to attend the meeting or not, please complete the Form of Proxy, following the instructions, and return it to the Registrar, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD as soon as possible, to arrive by 11:00 a.m. on 23 April 2024 or, in the case of an adjournment of the General Meeting, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting at the latest. Returning the form will not stop you from attending the meeting and voting if you wish to do so. Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in your absence.

If the Resolutions are not approved at the General Meeting, Second Admission will not occur and the proceeds will not be received by the Company.

11. IMPORTANCE OF THE VOTE

Shareholders should be aware that if the Resolutions are not approved at the General Meeting, the Conditional Placing, Retail Offer and Subscription will not occur and the proceeds in relation to the these will not be received by the Company. If this were to happen, the Group would only have sufficient working capital to continue to trade until the end of August 2024 without taking any mitigating action which would have the effect of significantly curtailing the scope of the Company's activities and prospects alike.

12. RECOMMENDATION

The Directors consider the Resolutions to be proposed at the General Meeting to be in the best interests of the Company and the Shareholders as a whole. Consequently, the Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of the 5,450,000 Existing Ordinary Shares held, directly or indirectly, by them representing approximately 2.42% per cent. of the total voting rights of the Company.

Yours sincerely,

Klaas de Boer

Chairman

Xeros Technology Group plc

XEROS TECHNOLOGY GROUP PLC

NOTICE OF GENERAL MEETING

Notice is given that a general meeting of Xeros Technology Group plc ("Company") will be held at the Company's offices at Unit 2 Evolution Advanced Manufacturing Park, Whittle Way, Catcliffe, Rotherham S60 5BL, United Kingdom at 11:00 a.m. on 25 April 2024 for the purposes of considering and, if thought fit, passing the following resolutions of which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution. Unless the context otherwise requires, words and expressions used in this notice, including in the notes herein, (the "**Notice**") have the meanings given to them in the circular to shareholders dated 8 April 2024, of which this Notice forms part.

ORDINARY RESOLUTION

1. THAT, subject to the passing of resolution 2, pursuant to section 551 of the Companies Act 2006 (the "**Act**"), the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot Relevant Securities comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £540,434.051 for the purposes of the allotment of the Second Admission Shares and Additional Subscription Shares.

In this resolution 1, "**Relevant Securities**" means shares in the Company or rights to subscribe for or to convert any security into shares in the Company; a reference to the allotment of Relevant Securities includes the grant of such a right; and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or to convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right.

This authority is in addition to all existing authorities under section 551 of the Act.

Unless previously revoked, varied or renewed, this authority shall expire on the conclusion of the annual general meeting of the Company to be held in 2025.

SPECIAL RESOLUTION

2. THAT, subject to the passing of resolution 1, and pursuant to section 570 of the Act, the Directors be and are generally empowered to allot equity securities (as defined in section 560 of the Act) for cash and grant rights to subscribe for shares in the Company pursuant to the authorities granted by resolution 1 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of the Second Admission Shares and Additional Subscription Shares.

This power is in addition to all existing powers under section 570 of the Act.

By order of the Board

Klaas de Boer

8 April 2024

Registered office: Unit 2, Evolution Advanced Manufacturing Park, Whittle Way, Catcliffe, Rotherham, South Yorkshire S60 5BL

Registered in England and Wales No. 08684474

Entitlement to attend and vote

1. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at 6:00 p.m. on 23 April 2024 (or, if the meeting is adjourned, 6:00 p.m. on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution.

Voting on all the Resolutions will be taken by way of a poll.

Proxies

2. A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company.

A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.

A proxy may only be appointed in accordance with the procedures set out in notes 3 and 4 below and the notes to the proxy form. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting. If a shareholder has appointed a proxy and attends the meeting in person, such proxy appointment will automatically be terminated.

If no voting indication is given, your proxy will vote or abstain from voting at his or her decision. 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 meeting.

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 Registrar, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD and in the case of a member which is a corporation, the revocation notice must be executed in accordance with note 5 below. 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 and must be received by the Registrars not less than 48 hours before the time fixed for the holding of the meeting or any adjourned meeting (or in the case of a poll before the time appointed for taking the poll) at which the proxy is to attend, speak and to vote provided that in calculating such periods no account shall be taken of any part of a day that is not a working day. 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.

Completion of the Form of Proxy or appointment or a proxy through CREST will not prevent a member from attending and voting in person. Any member or his proxy attending the General Meeting has the right to ask any question at the General Meeting relating to the business of the General Meeting.

3. A form of proxy is enclosed. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Registrar on 0121 585 1131 or the proxy form may be photocopied. State clearly on each proxy form the number of shares in relation to which the proxy is appointed.

To be valid, a proxy form must be received by post or (during normal business hours only) by hand at the offices of the Registrar, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD no later than 11:00 a.m. on 23 April 2024 (or, if the meeting is adjourned, no later than 48 hours (excluding non-working days) before the time of any adjourned meeting).

As an alternative to submitting a hard copy proxy form, you may submit your proxy electronically at www.sharegateway.co.uk by using the Personal Proxy Registration Code as shown on the Form of Proxy. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 11:00 a.m. on 23 April 2024 (or, if the meeting is adjourned, no later than 48 hours (excluding non-working days) applies. If you need help with voting online, please contact our Registrars, Neville Registrars Limited (0)121 585 1131 or via email at info@nevilleregistrars.co.uk

Any power of attorney or any other authority under which the form of proxy is signed (or duly certified copy of such power or authority) must be included with the form of proxy.

4. CREST Members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) 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 voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Neville Registrars (ID 7RA11) no later than 11:00 a.m. on 23 April 2024 (or, if the meeting is adjourned, no later than 48 hours (excluding non-working days) before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Neville Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Certificated Securities Regulations 2001.

Corporate representatives

5. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

A corporation's form of proxy must be executed pursuant to the terms of section 44 of the Companies Act 2006 or under the hand of a duly authorised officer or attorney.

Share capital

6. As at the date of this document, the Company's issued share capital comprised 224,995,142 ordinary shares of 0.1 pence each ("Ordinary Share"). Each Ordinary Share carries the right to vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this document is 224,995,142.