RNS Number : 0963G
Equipmake Holdings PLC
24 April 2025

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24 April 2025

Equipmake Holdings plc

("Equipmake" or the "Company")

Notice of General Meeting

Equipmake, a market leader in engineering-driven differentiated electrification technologies, products, and solutions for the automotive, truck, bus, aerospace, and speciality vehicle industries, announces notice of a general meeting (the "General Meeting") of the Company to be held at 10:30 am on Monday 12 May 2025 at the Company's offices at Unit 7, Snetterton Business Park, Snetterton, Norfolk NR16 2JU.

The Company announced on 31 March 2025 that it had entered into a strategic relationship with Caterpillar Inc ("**Caterpillar**"), which involved the Company's entry into a master development agreement with Caterpillar (the "**MDA**") to develop electric drivetrain products and solutions across Caterpillar's applications and Caterpillar's venture capital division (Caterpillar Venture Capital Inc.) investing £5 million into the Company by means of senior secured Convertible Loan Notes ("**CLNs**"). The proceeds of the CLNs will be used for general working capital purposes and to continue the growth and development of the Company and its products and services, subject to certain conditions within the MDA. A summary of the terms of the CLNs is set out below.

One of the conditions of the Company's entry into the CLN instrument and Caterpillar's investment is that the Company is required to convene a general meeting of shareholders in order to pass resolutions (the "**Resolutions**") conferring on the Directors the authority to issue new ordinary shares on a non-pre-emptive basis if Caterpillar elects to exercise its conversion rights under the CLNs. The General Meeting is therefore being convened in order to propose those resolutions.

Benefits of the investment and developments since the investment by Caterpillar

The investment by Caterpillar has put the Company on a strong financial footing and enables the Company to expand and continue the development of its class-leading electrification products in a world market that is being driven rapidly towards increasing electrification. The MDA sets out a clear intention by Caterpillar to use Equipmake as a principal supplier of electrification technology across its portfolio of worldwide industry-leading products. Your Board believes the Company's relationship with Caterpillar has the potential to generate significant revenues in the years to come, and products and technology developed in conjunction with Caterpillar will also yield material benefits to the Company in wider market sectors in which Caterpillar does not operate.

Since the announcement of the investment by Caterpillar, the Company has won important orders worth a total of over £1m from Gilmour Space Technologies and CorPower Ocean.

The Resolutions

Two Resolutions will be proposed at the General Meeting. The first proposed resolution will authorise the Directors to issue new shares in respect of the conversion of the CLNs should Caterpillar exercise its conversion rights.

Under the terms of the CLN instrument, Caterpillar may convert any or all of the CLNs at a price equal to 80% of the "prevailing price" at the time of conversion. That prevailing price will be calculated as the lower of: (i) the price paid by investors in the event of a further equity fundraising; and (ii) the 30-day volume weighted average share price. The conversion price is capped at c.3.125p. As a result, if the Company's share price at the time of conversion were to be greater than about 3.91p, the Company would need to issue c.160,000,000 new ordinary shares and Caterpillar would, on conversion, hold ordinary shares representing about 12.5 per cent. of the Company (based on the current number of ordinary shares in issue). If the Company's share price were to be lower than 3.91p at the time of conversion, Caterpillar's shareholding would be correspondingly greater. At the closing mid-market share price of 1.35p on 23 April 2025, Caterpillar would, if it chose to convert all of the CLNs, obtain a shareholding of c.29.2 per cent. in the Company. It is within Caterpillar's discretion not to convert all of the CLNs if it so wishes.

The first proposed resolution will give the Directors the authority to issue up to 1,121,000,000 ordinary shares in connection with the conversion of the CLNs, such number being an estimate of the maximum number of ordinary shares which might be required to be issued on conversion of the CLNs in full, including interest. In circumstances where all of such ordinary shares were issued, Caterpillar would hold c.50 per cent. of the enlarged share capital of the Company, however this could only happen if Caterpillar were to convert all outstanding CLNs and the prevailing share price at the time of conversion were to be c. 0.558p, less than half of the current share price. In addition, if Caterpillar were to acquire a holding of ordinary shares giving it 30 per cent. or more of the voting rights in the Company it would (subject to certain limited exceptions) be required to make a mandatory bid for the remaining ordinary shares in the Company under the provisions of the Takeover Code.

The second proposed resolution will authorise the Directors to issue the new shares on conversion of the CLNs without regard to statutory pre-emption rights.

Both of the Resolutions authorise the Directors to issue new shares only in connection with and in the event of the conversion of the CLNs by Caterpillar and during the lifetime of the CLNs. The authorities proposed by the Resolutions are in addition to the existing authorities to issue and allot ordinary shares free of statutory pre-emption rights approved by shareholders at the Annual General Meeting held on 15 January 2025.

Accordingly, a notice will be dispatched to Shareholders later today of a general meeting of the Company to be held on Monday 12 May 2025 at 10:30 am atUnit 7, Snetterton Business Park, Snetterton, Norfolk NR16 2JU,United Kingdom at which the requisite Resolutions will be proposed for the approval of Shareholders.

A copy of the notice will be available on the Company's website at https://www.equipmake.co.uk.

Reasons to vote in favour of the Resolutions

The passing of the Resolutions is a condition of Caterpillar's investment in the Company. If the resolutions are not passed by shareholders, the Company would be in default under the CLN instrument. The Company could not therefore be certain that Caterpillar would continue with its strategic partnership with the Company as the MDA between the Company and Caterpillar, which has significant strategic benefits for the Company, is also conditional upon the investment in the CLNs. Given that, as disclosed in the Company's announcement on 6 December 2024, the Company was in financial difficulty prior to the strategic investment by Caterpillar announced on 31 March 2025, the Company will therefore not be certain of being able to continue as a going concern if the Resolutions are not passed.

Summary terms of the Convertible Loan:

- **Term**: 4 years
- **Interest:**10% per annum, rolled up and paid upon Maturity or included upon conversion.
- **Maturity:**The maturity date is 31 March 2029, being the fourth anniversary of entry into the CLN instrument (the "**Maturity Date**"). To the extent that the CLNs have not already been converted, Caterpillar may elect to: (i) convert the principal and accrued interest into the Company's ordinary shares; (ii) demand repayment of the CLNs; or (iii) extend the Maturity Date in additional six-month increments. The Company may elect at any time after the Maturity Date to repay the CLNs, at which point Caterpillar may elect instead to convert.
- **Conversion Option:**On the Maturity Date, or in the event of an earlier fundraising, Caterpillar may elect to convert the principal and accrued interest into ordinary shares at the lower of:
  - 80% of the price per share paid by investors in a fundraising by the Company.
  - 80% of the average trailing thirty (30) day price per share of the Company; and
  - c.3.125p per share.
- **Acquisition Event:**Upon the occurrence of a change of control of the Company (including a disposal of material assets of the Company) at any time while any CLNs remains outstanding, Caterpillar may:
  - receive a cash repayment equal to two times the total of the outstanding principal and accrued interest; or
  - convert the CLN on the conversion terms described above.
- **Security:**The Convertible Loan is secured on the assets of the Company and its subsidiaries.
- **Use of funds:**The funds will be used for general working capital purposes, subject to certain conditions within the MDA.
- **Other Terms:**Standard terms for a convertible loan apply including information rights and Caterpillar's consent being required for certain corporate actions whilst it holds at least a certain number of CLNs.

Recommendation

The Board considers that the Resolutions as set out in the Notice of General Meeting are in the best interests of the Company and of its shareholders as a whole and unanimously recommend shareholders to vote in favour of the Resolutions, as each of the Directors intends to do in respect of their own beneficial holdings.

Shareholders' attention is drawn to the consequences of the Resolutions not being passed, as set out in the paragraph entitled "Reasons to vote in favour of the Resolutions" above.

****ENDS****

For further information, please contact:

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About Equipmake

Equipmake is a UK-based industrial technology company specialising in the engineering, development and production of electrification products to meet the needs of the automotive and other sectors in support of the transition from fossil-fuelled to zero-emission drivetrains.

Equipmake is a leader in high performance technologically advanced electric motors, inverters and complete zero-emission electric drivetrains and power electronic systems. Equipmake has developed a vertically integrated solution providing fully bespoke solutions to its customers. The Company is focussed on accelerating traction with OEM and Tier 1 suppliers in relation to higher margin component and drivetrain supply under long-term growth contracts.

Key differentiators of the Company offerings are its advanced technology and performance, reliability and adherence to ASIL-D[1] functional safety. Equipmake's advanced motor and inverter technology, featuring ASIL-D compliance, are designed to customers' highest Functional Safety standards. With decades of experience in electric drivetrain integration and a dedicated prototype vehicle testing facility, Equipmake can significantly accelerate product development for customers.

[1]Automotive Safety Integrity Level ("ASIL") is a risk classification scheme defined by the ISO 26262 - Functional Safety for Road Vehicles standard and is a critical requirement for road vehicles. Of the four ASILs identified by the standard, ASIL-D dictates the highest integrity requirements on the product, which require exceptional rigour in their development.

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