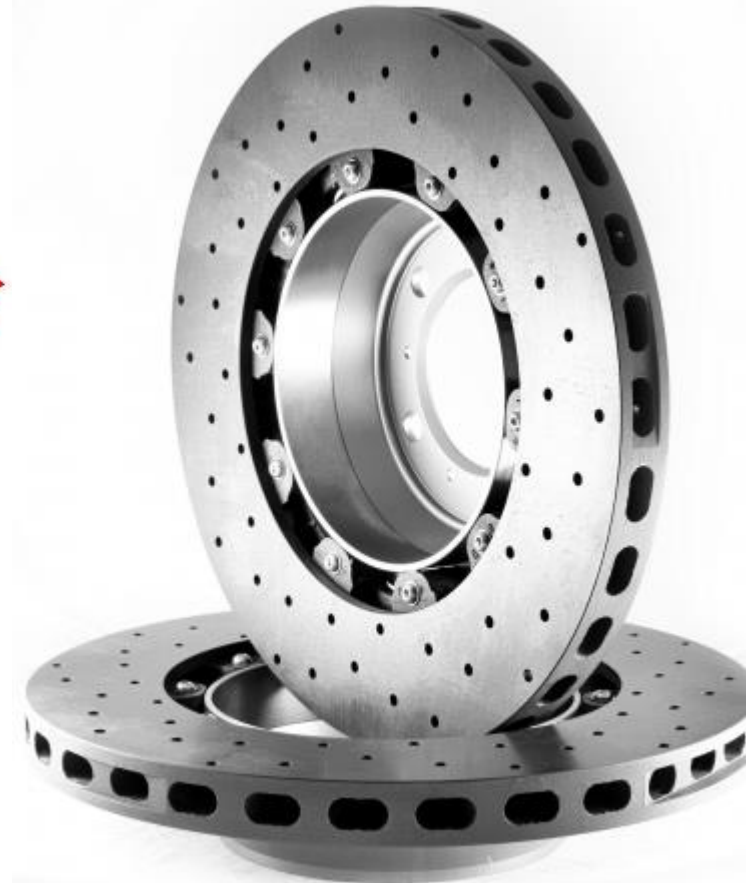




Investor Presentation
January 2021





David Bundred, Non Executive Chairman

David has industrial experience at senior management levels in the UK, Germany and the US and is now an active investor with “a hands on” focus in a small number of high growth companies. He previously had a 24 year long career until 1999 at Lucas, which included positions as General Manager of the Lucas Brake Controls and Lucas Truck Brake Divisions and his last appointment was that of Chief Operating Officer of the worldwide business of Lucas Aerospace. Between 2003 and 2005 he was CEO of TMD Friction Group, a large private German industrial group which is one of the world's leading brake pad system suppliers for the automotive industry.



Dr Kevin Johnson, Chief Executive Officer

Kevin has a doctorate in Chemistry from the University of Liverpool and an MBA from Manchester Business School. He has spent six years in product development for the chemical industry and has a broad experience with OEM multinationals in the area of new technology development. Previously he worked for Avecia, formerly AstraZeneca.



Michael Cunningham, Chief Financial Officer

Michael is a Fellow of the Association of Chartered Certified Accountants, holds an MBA from the European School of Management and Technology in Berlin and a Bachelor of Engineering degree from Queens University Belfast. Michael joins the Company from Bentley Motors Ltd where he was Profitability Controller, and previously Senior Finance Manager (Mulliner), reporting into the Company CFO. Prior to joining Bentley, Michael was Finance Director of Aquila Truck Centres Ltd; Commercial Director (initially Regional Financial Controller) of MAN Truck and Bus UK, and Financial Controller of Preston Group, a family owned car dealership.

Surface Transforms

Developer and manufacturer of carbon ceramic automotive brake discs



3

PROJECT SPARK

- Proposed £20m fundraise:
 - £13m manufacturing capex
 - £5m growth working capital
 - £2m open offer proceeds
- To support expected contract awards from existing and new OEM customers

About Surface Transforms

- Carbon ceramic brake disks are suitable for high performance vehicles
- One of only two mainstream carbon ceramic brake disc companies in the world
- Customers include major automotive OEMs:
 - ICE and EV
 - UK, US and Europe

New contract awards in last 18 months

- 4 OEMs - contracts valued at £43m[†]
- Includes a £27.5m contract in Sept 2020 with new OEM customer

Manufacturing capacity

- £20m/yr revenue manufacturing capacity available Q2 2021
- Fundraise to build revenue manufacturing capacity to £35m/yr in 2022



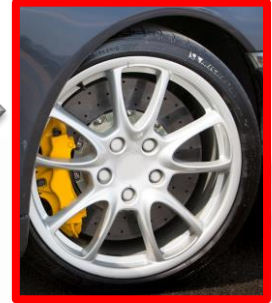
[†] This is based on the directors' expectations and their understanding of the relevant OEM's production plan and estimated demand for discs

Introduction

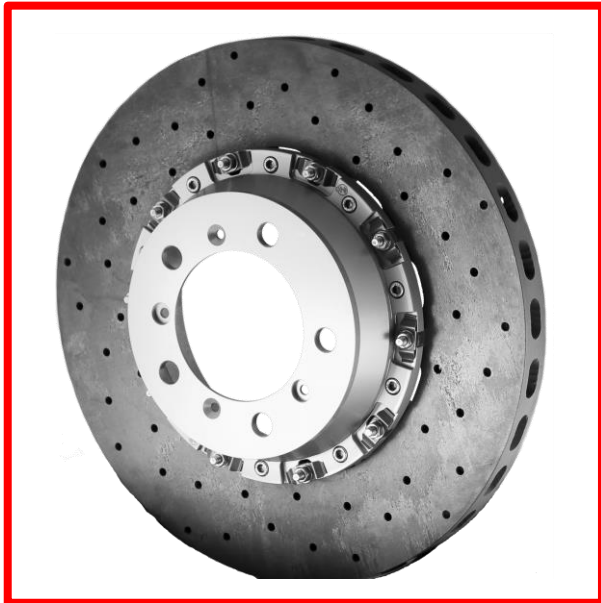
Automotive disc brakes



- Brakes used to slow and stop the vehicle
- Activated by the driver's foot



- Brake components installed on all four wheels of the car
- Key safety and performance feature of the vehicle



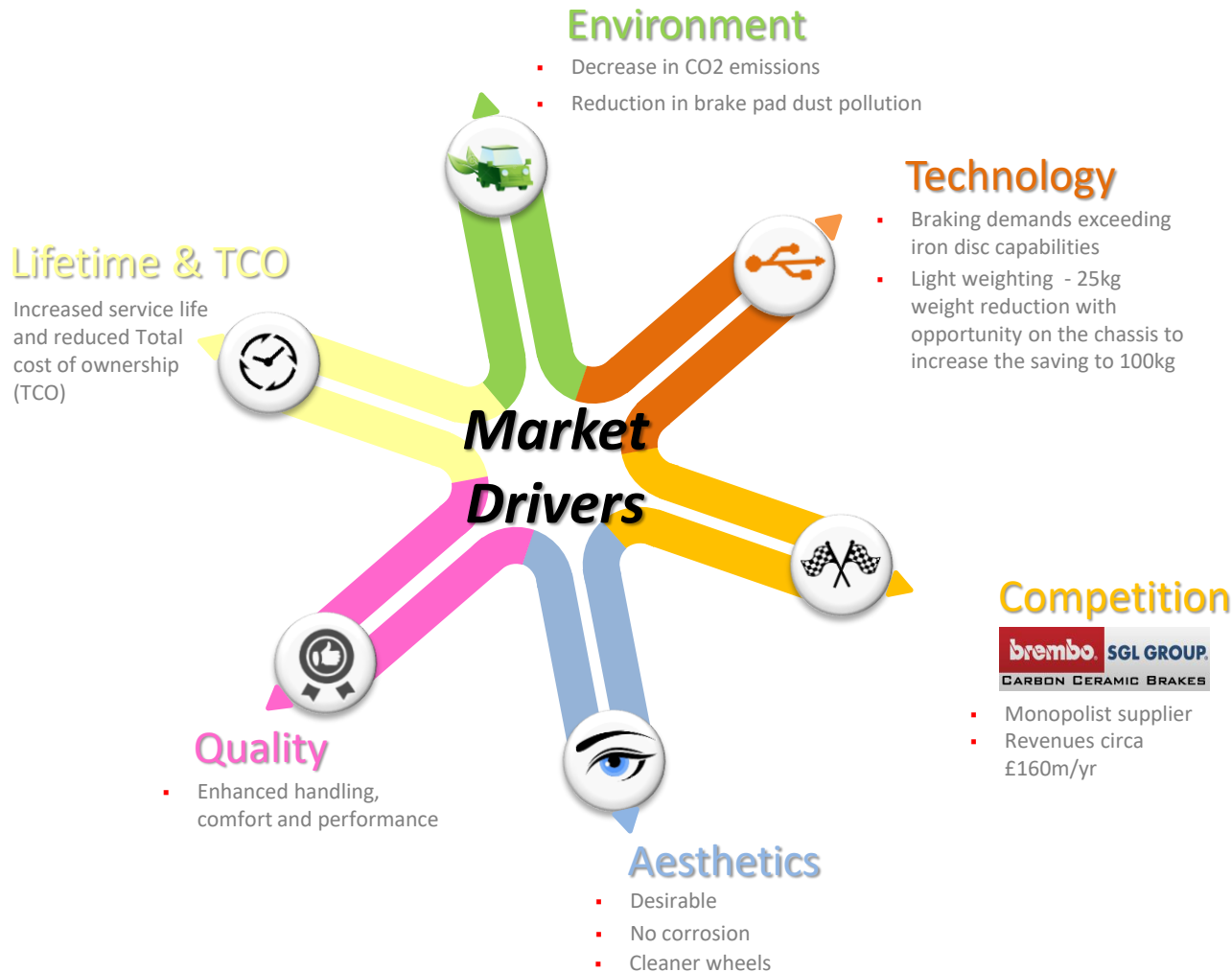
- Carbon ceramic discs are a replacement technology for grey cast iron



- Braking achieved by the caliper pressing the brake pads against the brake disc

Automotive market drivers

Compelling drivers are growing the use of carbon ceramic (CC) brakes



Manufacturers using carbon ceramic brakes

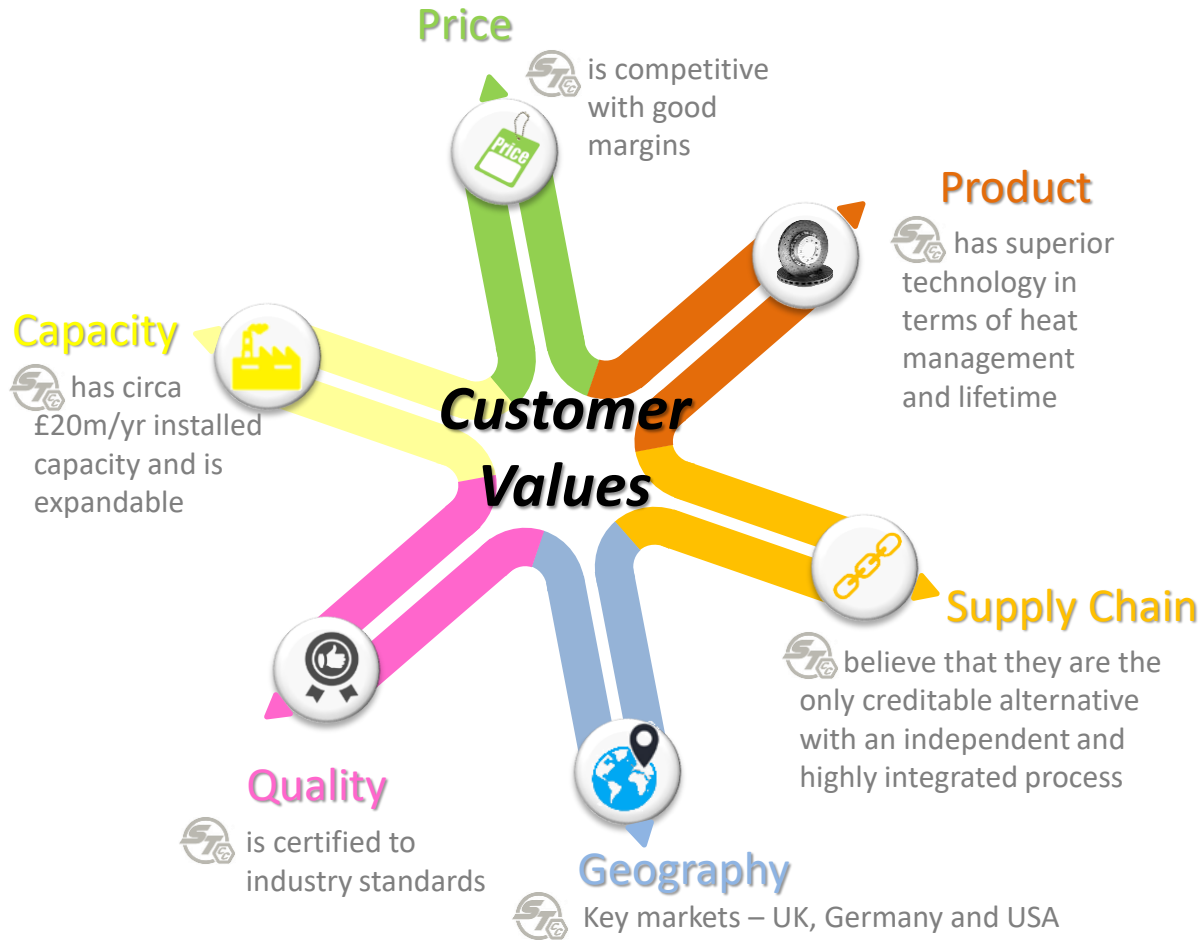


- 🔗 Engaged with significant number of OEMs
- 🔗 Contracts with 5 OEMs

OEM 1	British performance car manufacturer
OEM 3 (covers 2 & 4)	German group with performance car manufacturer as lead
OEM 5	German car manufacturer
OEM 6	British performance car manufacturer
OEM 7	Swedish performance car manufacturer
OEM 8	Global car manufacturer
OEM 9	New car manufacturer
New OEM	German car manufacturer
New OEM	USA car manufacturer
New OEM	European car manufacturer

Customer & shareholder value

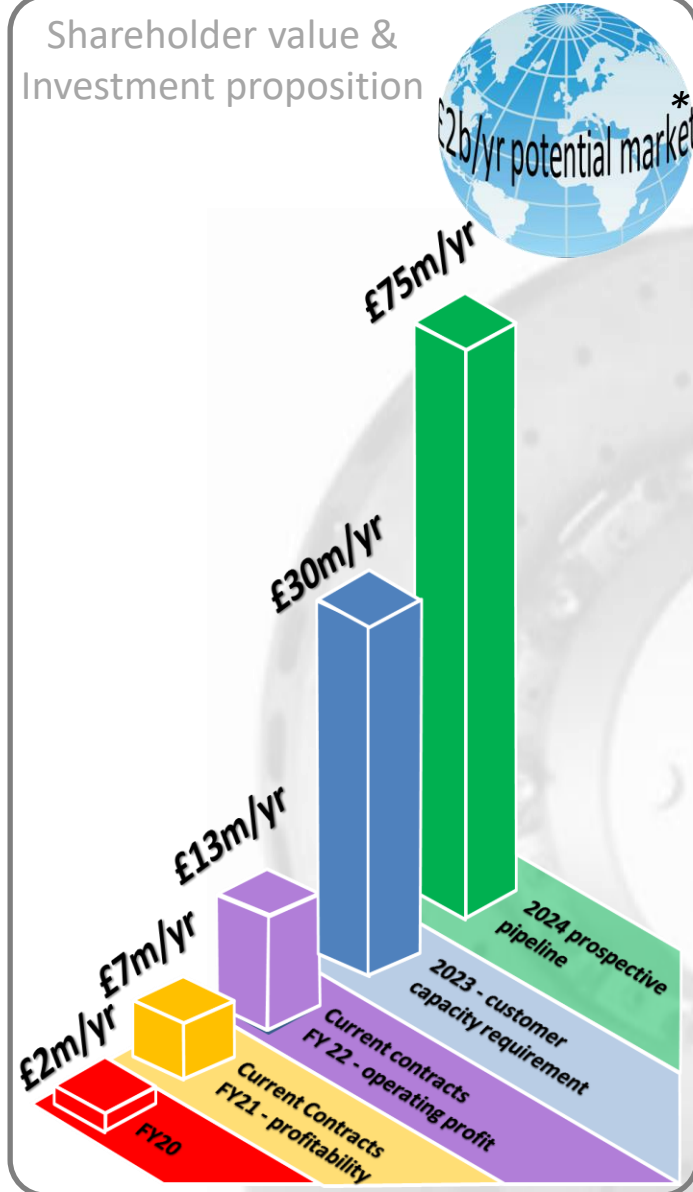
Strategy - be a world class, profitable manufacturing and engineering company of CC brakes



Multi year contracts generating strong growth

- Contracts valued at £43m from 4 OEMs in last 18 months†
- Expected customer demand exceeds installed capacity

Shareholder value & Investment proposition



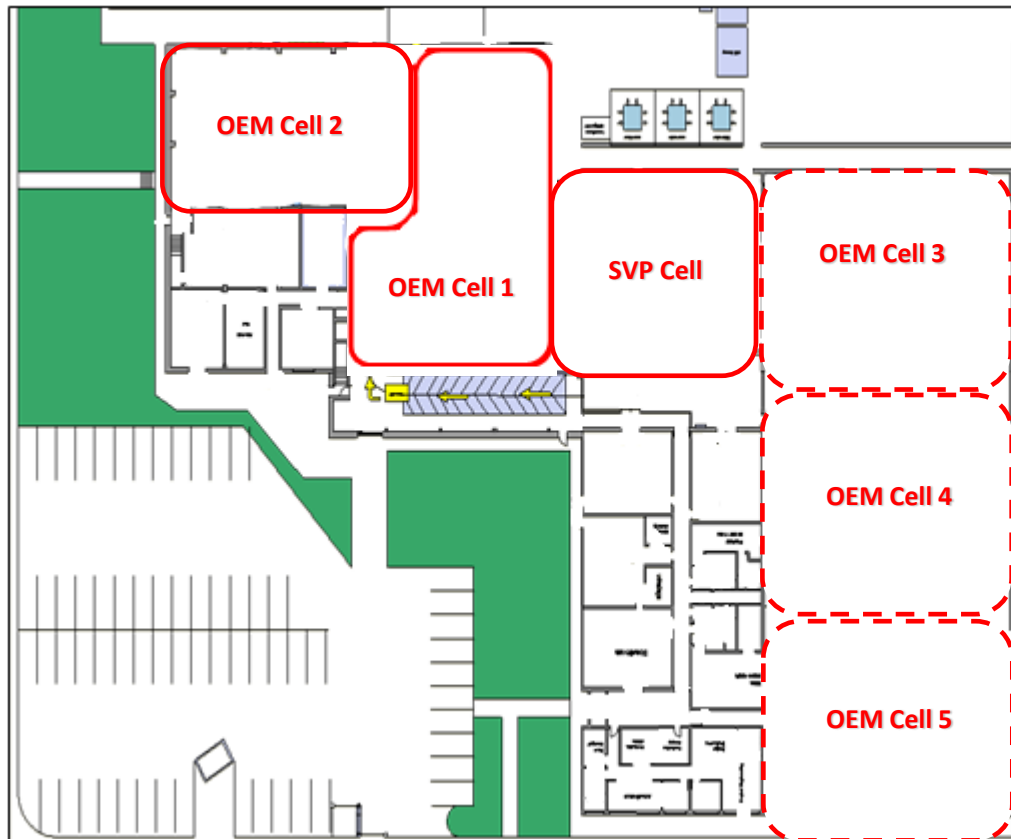
* Source - SMMT car sales data & ST pricing data

† This is based on the directors' expectations and their understanding of the relevant OEM's production plan and estimated demand for discs

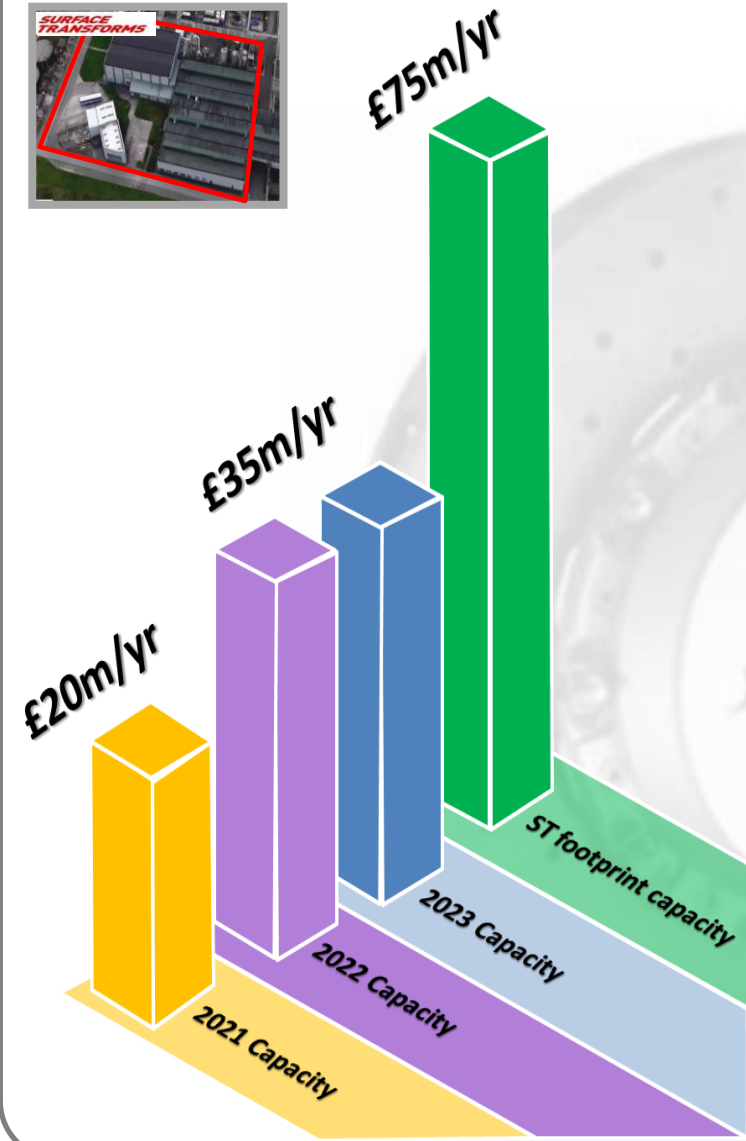
The figures shown in the graph are based on the directors' expectations following conversations with the OEMs, their understanding of the OEMs' production plans and estimated demand for discs

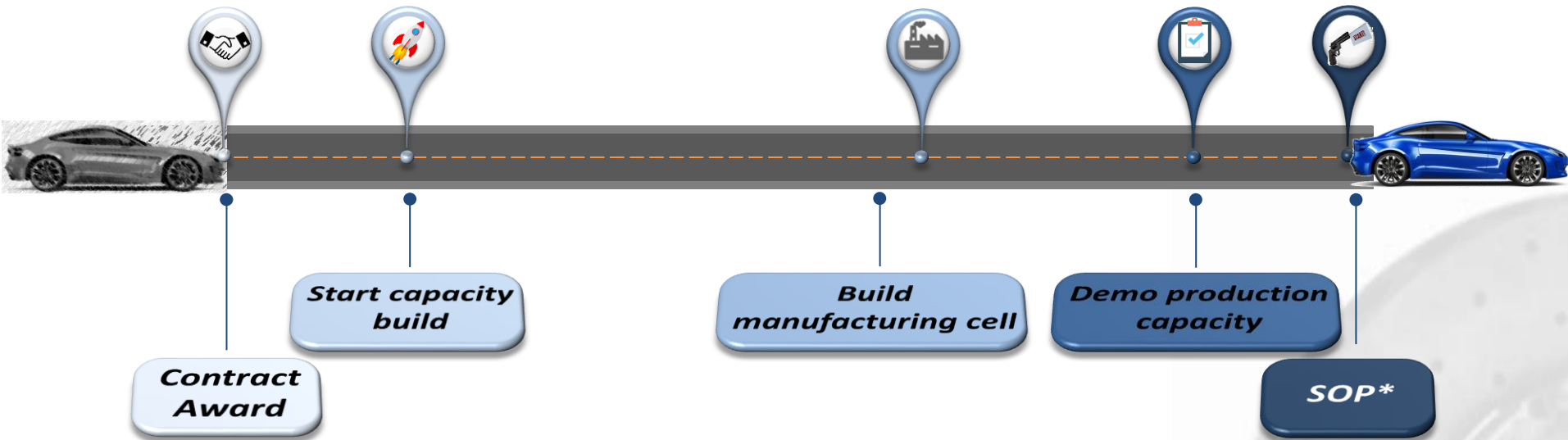
ST manufacturing facilities & capacity capability

Office Space	13,000 ft ²
(SVP) Small Volume Production	5,000 ft ²
OEM cell 1	7,000 ft ²
Additional OEM cells	30,000 ft ²
<hr/>	
55,000 ft² facility	



Expected capacity revenue





Capacity planning assumptions

- Customer capacity agreed as part of contract award
- Time between contract award and SOP longer than building and demonstrating manufacturing capacity



OEM 1-7 work to this principle

- Timeline between contract award and SOP circa 2 years

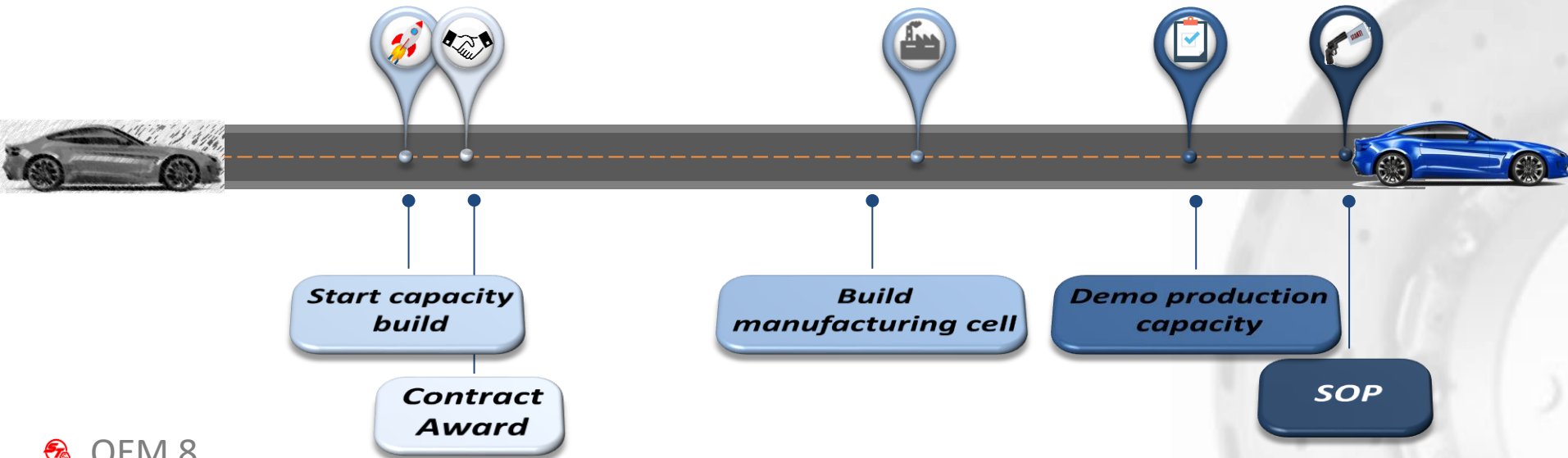


Building and demonstrating production capacity – circa 18 months

Disruptive OEM 8 & 9*

Disruptive OEM behaviour

- Minimise future engineering costs & time by 'carrying over' approved parts to new models
- Compress timeline between contract award and SOP – reduced to circa 12-15 months
- Customer requirement - capacity will be available to their timeline



OEM 8

- 2020 contract award followed this compressed timeline – ST had capacity available
- IMPACT - carry over models represent demand beyond current ST production capacity








OEM 9

- New entrant OEM with compressed timing plan prior to contract award
- IMPACT - OEM 9 demand beyond current ST production capacity

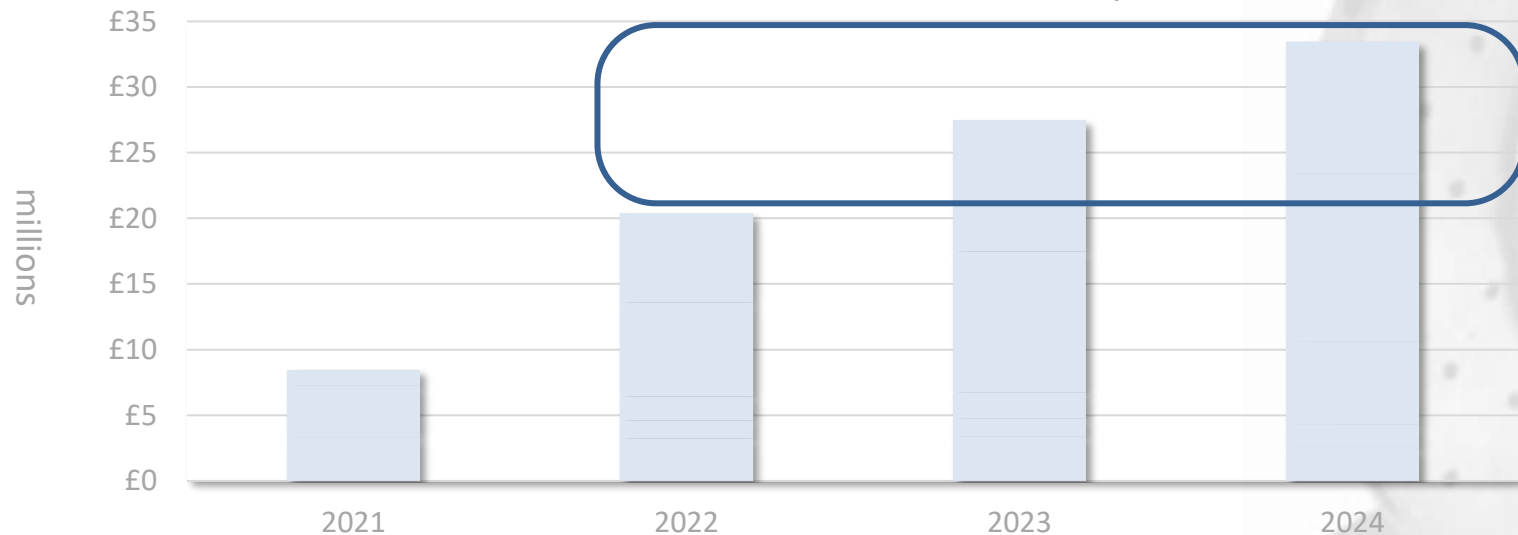
* Assumes OEM 8 carry over 2nd and 3rd models, OEM 9 becomes firm contract and is based on director's expectations for SOP and their understanding of the relevant OEM's production plan and estimated demand for discs

ST capacity requirements

Current contracts, carry over & OEM 9

	2021	2022	2023	2024
ASTON MARTIN	 Valkyrie			
Koenigsegg	 Jesko	 Gemera		
OEM 5		 1 st Model		 *
OEM 8	 1 st Model		 *	
OEM 9		 *		

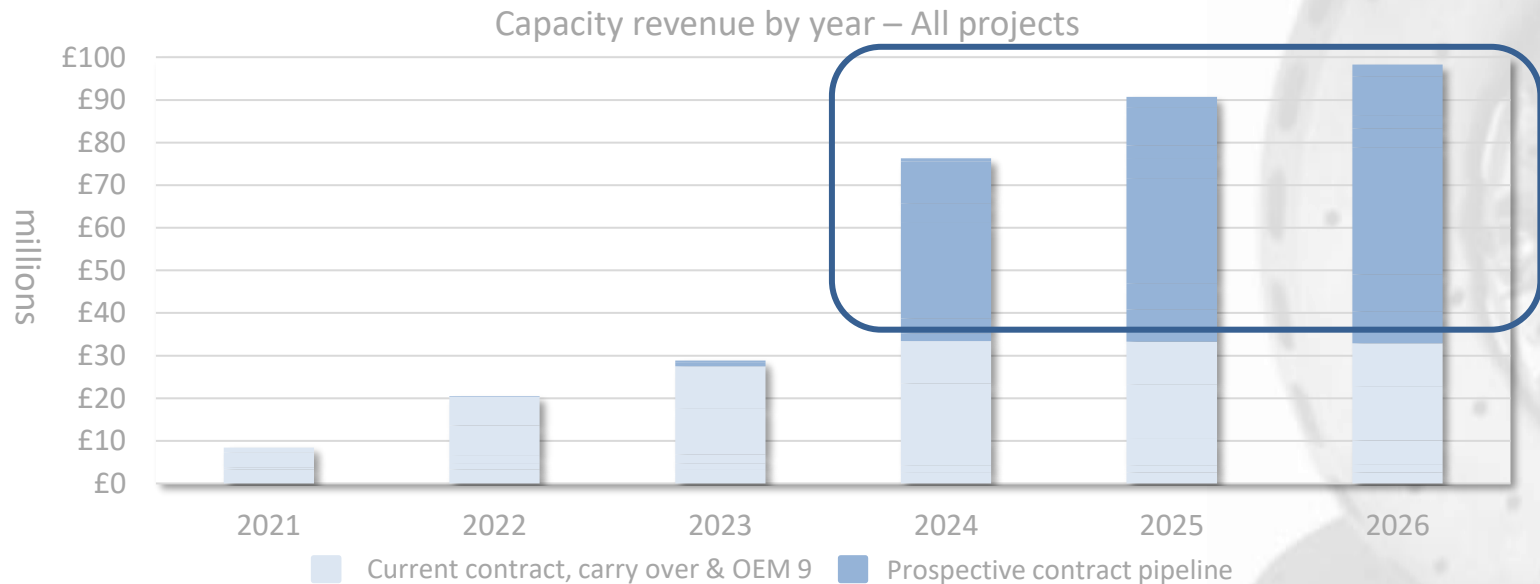
Revenue at customer forecast demand – contract + carry over + OEM 9



New capacity provides capacity revenue of £35m/yr

2024 capacity – prospective contract pipeline

	2021	2022	2023	2024	2025	2026
OEM 6						
OEM 1						
OEM 3 (covering OEM 4)						
New OEM customer						
New OEM customer						
New OEM customer						



Prospective contract pipeline has potential to fill current facility by 2024

Capacity plan – OEM Cell 2

- 🔧 Delivers required £35m/yr capacity revenue during 2022
- 🔧 OEM Cell 2 available for customer “off tool off process” end of ‘22/23
- 🔧 Construction cost circa £10m
- 🔧 Payback – circa 15 months (at full capacity)

Spring '21

Complete sourcing of furnaces, long lead equipment and infrastructure projects

Autumn '21

Commence infrastructure projects

Spring '22

Install and commission furnaces

Summer '21

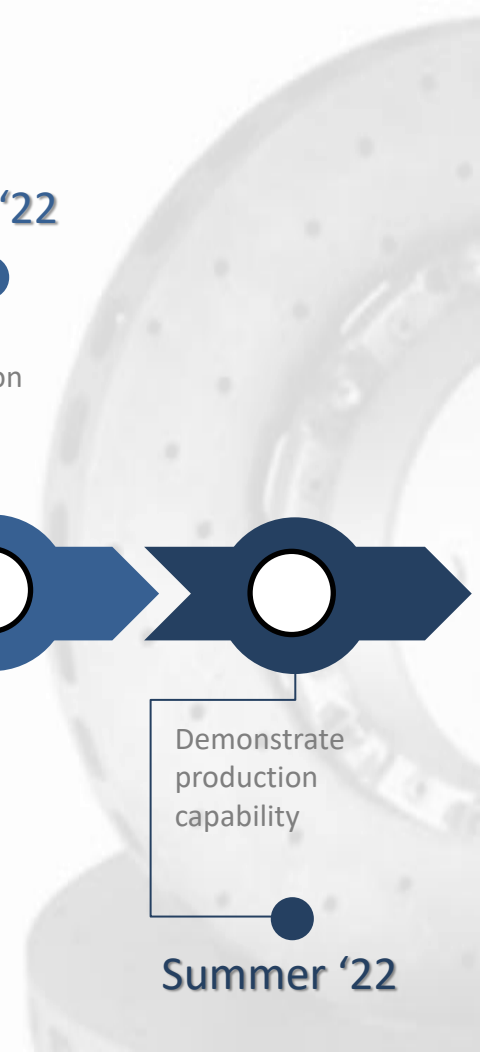
Commence fabrication of furnaces and sourcing of infrastructure projects

Winter 21/22

Complete acceptance testing on furnaces

Summer '22

Demonstrate production capability



Fundraise – use of proceeds

Build capacity and support revenue growth

Investment £m

Manufacturing capacity (Cell 1) 0.7

Manufacturing capacity (Cell 2) 9.2

Manufacturing resilience & development equipment 3.1

Capital expenditure (capacity & resilience) 13

Working capital (supporting rapid revenue growth) 5

Placing & subscriptions* 18

Proposed open offer (balance sheet strength & headroom) 2

TOTAL proceeds 20



- 🔧 Revenues in line with expectations at £2m
- 🔧 Cash £1.1m with £0.6m R&D tax credit in 2021 and borrowing of £0.5m
- 🔧 OEM contracts progressing to plan
- 🔧 OEM Cell 1 capacity on track for OEM series supply in 2021





Multiyear recurring OEM contracts in place

- Contracts valued at £43m from 4 OEMs in last 18 months
- Growing revenues with good margins leading to profitability and positive EBIT
- Prospective project pipeline in excess of £75m/yr within the next 5 years



Trading in line with expectations



Business planning based on two scenarios

- Commercial risks to additional revenues and additional profitability
- Customer demand requirements for manufacturing capabilities and capacity



Capital investment required

- Support demand from customer contracts including carry over projects and OEM 9
- Manage manufacturing capacity risk and timeline
- Payback – circa 15 months (at full capacity)



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