

26 September 2024

PipeHawk plc
("PipeHawk", "Company" or the "Group")

Update in relation to Convertible Unsecured Loan Stock

PipeHawk provides the following update in relation to the Company's £1.0 million convertible unsecured loan stock issued to Gordon Watt, the Chairman of the Company.

Background to the CULS

On 13 August 2010, the Company announced, *inter alia*, the issue of £1.0 million of convertible unsecured loan stock to Gordon Watt (the "**CULS**"). As part of the terms and conditions of the CULS, it was agreed that the CULS may be converted, at the option of Gordon Watt, into new ordinary shares of 1 pence each in the Company (the "**Ordinary Shares**") at a price of 7 pence per Ordinary Share at any time prior to 13 August 2014. In addition, the interest payable on the CULS was set at 10 per cent. per annum on the principal amount outstanding until converted, prepaid or repaid, calculated and compounded on each anniversary of the issue of the CULS. On conversion of any CULS, any unpaid interest would be paid within 20 days of such conversion with the CULS repayable together with accrued interest on 13 August 2014 (together, the "**2010 CULS**").

On 14 November 2014, the Company announced that it had extended the repayment date of the 2010 CULS from 13 August 2014 to 13 November 2018 and changed the conversion price of the 2010 CULS from 7 pence to 5 pence with all other terms of the 2010 CULS remaining unchanged (the "**2014 Amendments**").

On 9 November 2018, the Company announced that it had agreed to further extend the repayment date of the 2010 CULS from 13 November 2018 to 13 August 2022 with all other terms of the 2010 CULS remaining unchanged (the "**2018 Amendment**").

The issue of the 2010 CULS, the 2014 Amendments and the 2018 Amendment were respectively deemed to be related party transactions pursuant to Rule 13 of the AIM Rules for Companies (the "**AIM Rules**") at the time. Accordingly, as disclosed in each respective announcement outlined above, the independent directors of the Company, having consulted the Company's nominated adviser at the time, concluded that the entry into the 2010 CULS, the 2014 Amendments and the 2018 Amendment to be fair and reasonable insofar as the Company's shareholders are concerned.

2022 amendment to the CULS

On 29 November 2022, it was announced by the Company in its final results for the year ended 30 June 2022, *inter alia*, that on 30 June 2022 the Company further extended the repayment date of the 2010 CULS from 13 August 2022 to 13 August 2026, and otherwise on identical terms to the 2018 Amendment (the "**2022 Amendment**"), including the conversion price of 5 pence.

In this regard, the Company has recently become aware of a clerical error made in:

- (i) note 16 to the financial statements for the year ended 30 June 2022 (announced by the Company on 29 November 2022);
- (ii) note 15 to the financial statements for the year ended 30 June 2021 (announced by the Company on 3 November 2021); and
- (iii) note 15 to the financial statements for the year ended 30 June 2020 (announced by the Company on 21 October 2020),

all of which erroneously referred to a CULS conversion price of 3 pence. The same erroneous reference to a 3 pence CULS conversion price was repeated in the relevant notes to the Company's annual reports for the years ended 30 June 2020, 30 June 2021 and 30 June 2020.

The Company can confirm that the CULS conversion price remains at 5 pence, noting that the 2022 Amendment was stated, in the announcement made by the Company at the time, to be on identical terms to the 2018 Amendment.

The entry by the Company into the 2022 Amendment, namely a further extension of the CULS repayment date to 13 August 2026, is deemed to be a related party transaction pursuant to AIM Rule 13. However, the Company's nominated adviser, Allenby Capital, was not consulted at the time of entering into the 2022 Amendment. In this regard, the Company's current directors independent of the 2022 Amendment, being Robert MacDonnell and Timothy Williams, consider, having now consulted with the Company's nominated adviser, Allenby Capital, that the terms of the 2022 Amendment are fair and reasonable insofar as the Company's shareholders are concerned.

-Ends-

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For further information on the Company and its subsidiaries, please visit: www.pipehawk.com