

Notice of Annual General Meeting of Headlam Group plc

to be held on Thursday, 19 May 2022 at 10.00 am

This document is important and requires your immediate attention

If you are in any doubt as to the action you should take, please take advice immediately from an independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares, please send this document, together with the accompanying documents, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A hard copy proxy form has not been sent with this document, instead please vote either online at www.signalshares.com or through CREST as stated in the notes to this notice of meeting. In order for your vote to be valid, please ensure that your vote is received by Link Group no later than 10.00 am on Tuesday, 17 May 2022.

9 March 2022

Dear Shareholder

Annual General Meeting 2022

I am pleased to enclose the notice of the 74th Annual General Meeting ('AGM') of Headlam Group plc ('Company') which is to be held at the Company's head office at **Gorsey Lane, Coleshill, Birmingham, B46 1JU at 10.00 am on Thursday, 19 May 2022**. The formal Notice of AGM ('Notice') stating the business to be considered at the meeting, explanatory notes to the proposed resolutions, and information for shareholders is set out in this document. The Company's Annual Report and Accounts for the year ended 31 December 2021 is now available on our website at www.headlam.com and is enclosed for those shareholders who have requested a paper copy. A resolution to receive and consider the 2021 Annual Report and Accounts, which includes the auditor's report, the strategic report, and the directors' report and the accounts for the year ended 31 December 2021, is included in the business of the meeting.

2022 AGM Arrangements

The Board is looking forward to once again welcoming shareholders to the AGM in person. The health and safety of our stakeholders remains of paramount importance. To help ensure your safety and manage the numbers attending the AGM, we are asking that only shareholders or their duly nominated proxies attend the meeting in person. Persons who are not shareholders or their duly nominated proxies should not attend the AGM unless prior arrangements have been made with the Company Secretary, whose contact details can be found on page 9.

Last year for the first time shareholders were able to follow proceedings of our AGM remotely through an online audio facility. We are pleased to be able to continue to offer shareholders the opportunity to follow proceedings online and this year we will be broadcasting this by Webcast which can be accessed via the Company's website, www.headlam.com (joining instructions are described below). Please note that only those shareholders or their nominated proxies who attend in person will be deemed to be present at the AGM and will be entitled to speak and vote at the meeting.

Question and answer arrangements

The AGM is an important event and the Board of Directors is committed to ensuring that shareholders can exercise their right to vote and ask questions. In light of this, arrangements have been made to allow shareholders to submit questions to the Board by email in advance of the AGM. Should you wish to submit questions relating to the business of the AGM, you can send them via email to headlamgroup@headlam.com including your IVC (investor code) with AGM clearly shown in the subject field. Written answers will be collated and provided in respect of frequently asked questions (a single answer may be given to address shareholder queries on the same topic) where regulatory constraints permit and posted on the Company's website. We will respond to questions received by no later than 5pm on 11 May 2022, prior to the proxy vote cut off on 17 May 2022.

Additionally, a question and answer session will be held with the Board immediately prior to the formal business of our AGM. Shareholders choosing to observe the business of the AGM remotely will be able to participate in the question and answer session via the Webcast facility which can be accessed via the Company's website, www.headlam.com. Instructions on how to join the meeting are set out below this letter. You will require access to the internet to attend remotely and access the platform.

Voting

At the meeting, the Chairman will use his powers under the Company's Articles of Association to call a poll on each resolution as the Board believes this to be more representative of shareholders' intentions. The results of the voting on all resolutions will be announced via the London Stock Exchange regulatory information service and published on our website as soon as practicable following the conclusion of the AGM.

Your vote is important to us and the Board encourages all shareholders to exercise their right and vote either in person or by proxy. If you are unable to attend the AGM in person, **we strongly encourage you to vote in advance by appointing the Chairman** or another duly nominated person **as your proxy** electronically via www.signalshares.com. CREST members should use the CREST electronic proxy appointment service. Further details on how to appoint a proxy and submit your voting instructions are set out later in this document. Registering your vote electronically is entirely secure and ensures the privacy of your personal information.

Business of the meeting

The formal notice of the AGM is set out on pages 4 to 5. Full details of the resolutions to be proposed are contained in the explanatory notes on pages 6 to 7 of this document. The majority of the resolutions are those that are dealt with as a matter of course at each annual general meeting.

Final Ordinary Dividend

Following a period of recovery from the impact of COVID-19 and as a sign of confidence in future trading prospects, the Company resumed the payment of dividends and announced a 2.0 pence per ordinary share nominal ordinary dividend in March 2021. This was followed by a 2021 interim ordinary dividend of 5.8 pence per ordinary share after a longer period of recovered trading. The Board is now proposing a 2021 final ordinary dividend of 8.6 pence per ordinary share for approval at this AGM, giving a total annual pay-out for the interim plus final dividend of 14.4 pence, being equivalent to a 2x earnings cover ratio and in line with the Company's published Capital Allocation Priorities, with the 2.0 pence nominal dividend being an additional payment on top.

Director elections and re-elections

During the year, the Board has been strengthened by the addition of two Independent Non-Executive Directors. Simon King and Stephen Bird joined the Board on 14 May 2021 and 13 September 2021 respectively. Both Simon and Stephen have already made significant contributions to the Board which has no hesitation in recommending them to shareholders for appointment.

After seven years on the Board, I have decided not to offer myself for re-election at the forthcoming AGM in May 2022 and I will step down and leave the Company at that time. Each of the other directors, will again retire and stand for re-election in accordance with the 2018 UK Corporate Governance Code ('Code'). Biographical details for each Director, including details of the skills and experience they bring to the Board can be found on pages 58 to 59 of the 2021 Annual Report and Accounts.

Capital Return

As referenced in January 2022's Pre-Close Trading Update, the Company's net funds exceed current capital requirements (taking into account increased investment). Given this, and following the Company's Capital Allocation Priorities (see page 13 of the 2021 Annual Report and Accounts), the Board announced on 9 March 2022 a surplus capital return alongside the proposed final ordinary dividend. Full details are given in the Chief Executive's Review of the 2021 Annual Report and Accounts. In summary, the Company is taking a blended approach and intends to return a total of £30 million to shareholders, via a special dividend and share buyback programme ('**Programme**'). The Company's corporate brokers, Peel Hunt and Panmure Gordon, will run the non-discretionary Programme on the Company's behalf, repurchasing the Company's ordinary shares independently of the Company within certain defined parameters. In line with the authority granted by shareholders at the 2021 annual general meeting and anticipated to be granted by shareholders at the 2022 AGM (as the case may be), repurchases will be made on market and from time to time, depending on market conditions, share price and trading volume. The maximum price paid per ordinary share is as set out in the relevant shareholder resolution. Repurchased shares will be held in treasury at the Company's discretion for later reissue or cancellation. Shares held in treasury are not entitled to dividends and have no voting rights at the Company's general meetings. The intention is that the Programme be completed within approximately 12 months.

Recommendation

The Directors believe that each of the proposed resolutions to be considered at the AGM is in the best interests of the Company and its shareholders as a whole and recommend that all shareholders vote in favour of all resolutions, as they intend to do in respect of their own shareholdings.

On behalf of the Board, I wish to thank you for your continued support.

Yours faithfully

Philip Lawrence

Non-Executive Chairman

Headlam Group plc, PO Box 1, Coleshill, Birmingham B46 1LW

T +44 (0) 1675 433 000, F +44 (0) 1675 433 030 (Confidential)

headlamgroup@headlam.com

www.headlam.com

WEBCAST DETAILS

How to join the AGM webcast

To view the AGM remotely, you will need to follow the link which will be posted on our homepage, www.headlam.com or from the AGM section of our website using your smartphone, tablet or computer. You will then be prompted to enter your unique 'IVC' and 'PIN'. Your IVC is your 11 digit Investor Code, including any leading zeros. Your PIN is the last 4 digits of your IVC. This will authenticate you as a shareholder. Your IVC can be found on your share certificate, or Signal Shares users (www.signalshares.com) will find this under 'Manage your account' when logged in to the Signal Shares portal. You can also obtain this by contacting Link, our Registrar, by calling +44 (0) 371 277 1020*.

Access to the AGM will be available from 30 minutes before the start of the event, although you will not be able to submit questions until the meeting is declared open at 10.00am.

If you wish to appoint someone to attend the virtual meeting on your behalf, please contact Link Group on +44 (0) 371 277 1020* in order to obtain their IVC and PIN. It is suggested that you do this as soon as possible and at least 48 hours (excluding non-business days) before the meeting.

If your shares are held within a nominee and you wish to attend the Webcast, you will need to contact your nominee as soon as possible. Your nominee will need to present a corporate letter of representation to Link Group, our registrar, as soon as possible and at least 72 hours (excluding non-business days) before the meeting, in order that they can obtain for you your unique IVC and PIN to enable you to attend the webcast. Once logged in, and at the commencement of the meeting, you will be able to follow the proceedings of the meeting on your device, as well as being able to see any slides of the meeting.

Questions

Questions will only be invited during the meeting (prior to the formal business of the AGM) when formally announced by the Chairman. Shareholders attending remotely may ask questions via the Webcast by typing and submitting their question in writing via the Q&A box which is found underneath the speaker details on the left hand side of the player. Once you have typed your question please click the 'Submit' button.

Requirements

An active internet connection is required at all times in order to allow you to join the meeting and submit questions and listen to the Webcast. It is the user's responsibility to ensure you remain connected for the duration of the meeting.

*Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday, calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

Annual General Meeting 2022

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 74th Annual General Meeting of Headlam Group plc will be held at the Company's head office located at **Gorse Lane, Coleshill, Birmingham, B46 1JU on Thursday, 19 May 2022 at 10.00 am** for the following purposes.

To propose the following as ordinary resolutions:

1. To receive the Company's Annual Report and Accounts for the year ended 31 December 2021.
2. To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) set out on pages 96 to 98 and 109 to 120 of the Company's Annual Report and Accounts for the year ended 31 December 2021.
3. To declare a final dividend of 8.6 pence per ordinary share in respect of the financial year ended 31 December 2021.
4. To elect Stephen Bird as a Director of the Company.
5. To elect Simon King as a Director of the Company.
6. To re-elect Chris Payne as a Director of the Company.
7. To re-elect Amanda Aldridge as a Director of the Company.
8. To re-elect Keith Edelman as a Director of the Company.
9. To re-appoint PricewaterhouseCoopers LLP as the Auditor of the Company, to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid before shareholders.
10. To authorise the Directors to determine the Auditor's remuneration.
11. That the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ('Act') to allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company, up to an aggregate nominal amount of £639,931 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the 2023 Annual General Meeting (or, if earlier, at the close of business on 19 June 2023), and save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares and grant rights in pursuance of any such offer or agreement as if this authority had not expired.

All existing authorities given to the Directors pursuant to section 551 of the Act are revoked by this resolution.

To propose the following as special resolutions:

12. That, subject to the passing of resolution 11 in this Notice and in place of all existing powers to allot securities given to the Directors, the Directors be and are hereby generally empowered pursuant to section 570 and section 573 of the Companies Act 2006 ('Act') to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred by resolution 11 in this Notice, as if section 561 of the Act did not apply to the allotment.

This power:

- (a) expires (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the 2023 Annual General Meeting (or, if earlier, at the close of business on 19 June 2023), save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired; and
- (b) shall be limited to:
 - (i) the allotment of equity securities in connection with an issue to holders of ordinary shares of 5 pence in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings and to people who hold other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
 - (ii) the allotment of equity securities for cash otherwise than pursuant to paragraph (b)(i) of this resolution up to an aggregate nominal amount of £213,310.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if, in the first paragraph of this resolution, the words 'pursuant to the authority conferred by resolution 11 in this Notice' were omitted.

- 13.** That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 ('Act') to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares in the capital of the Company, subject to the following conditions:
- (a) the maximum number of ordinary shares which may be purchased is 8,532,420;
 - (b) the minimum price (exclusive of expenses) which may be paid for an ordinary share is 5 pence;
 - (c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of:
 - (i) an amount equal to 105% of the average of the middle market quotations of an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and
 - (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the market purchase by the Company is carried out; and
 - (d) the authority conferred by this resolution shall expire at the conclusion of the 2023 Annual General Meeting or, if earlier, on 19 June 2023 (except in relation to the purchase of shares, the contract for which was made before the expiry of this authority and which might be concluded wholly or partly after such expiry), and any ordinary shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the Directors to be in the best interests of shareholders at the time.
- 14.** That the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than Annual General Meetings) on not less than 14 clear days' notice, provided that the authority shall expire at the conclusion of the 2023 AGM or 19 June 2023, whichever is the earlier.

By order of the Board

Karen Atterbury
Company Secretary

9 March 2022

Registered office:
PO Box 1
Gorsey Lane, Coleshill
Birmingham, B46 1LW

Incorporated and registered in England and Wales
under number 00460129

Explanatory Notes to the Proposed Resolutions

This year's AGM will be held at the Company's head office at **Gorse Lane, Coleshill, Birmingham, B46 1JU on Thursday, 19 May 2022 at 10.00 am**. A description of the resolutions that will be proposed at the meeting is set out below.

Resolutions 1 to 11 inclusive are proposed as ordinary resolutions, which means that for each of these resolutions to be passed, more than half the votes cast must be cast in favour of the resolution. Resolutions 12 to 14 inclusive are proposed as special resolutions, which means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be cast in favour of the resolution.

Resolution 1 – To receive the Annual Report and Accounts

The Company is required by law to present to shareholders at the AGM its Annual Report and Accounts for the financial year ended 31 December 2021.

Resolution 2 – To approve the Directors' Remuneration Report

A Company is required to present to shareholders:

- a Directors' Remuneration Policy, which sets out the Company's policy on Directors' remuneration, for a binding vote at least once every three-year period; and
- an Annual Report on Remuneration, which details the Directors' remuneration outcomes for the financial year under review and how the remuneration policy will be implemented in the following year, for an advisory vote on an annual basis.

The Directors' Remuneration Policy ('**Policy**') was presented to, and approved by, shareholders at the 2020 Annual General Meeting held on 22 May 2020 for a period of three years, provided that no changes were required during that period. No changes are proposed to the Policy and therefore the Directors are not re-presenting it at the 2022 Annual General Meeting. The original shareholder approved Policy can be found in the 2019 Annual Report which can be viewed via the Company's website.

Resolution 2 is an advisory vote which seeks approval for the Directors' Remuneration Report which comprises the Annual Statement to shareholders by the Chairman of the Remuneration Committee and the Annual Report on Remuneration. The Directors' Remuneration Report can be found on pages 96 to 98 and 109 to 120 of the 2021 Annual Report and Accounts. The Annual Report on Remuneration sets out the remuneration outcomes for the financial year ended 31 December 2021 and how the Directors' Remuneration Policy will be implemented throughout the financial year ending 31 December 2022.

Resolution 3 - Declaration of ordinary dividend

The Directors recommend the payment of a final ordinary dividend of 8.6 pence on each of the entitled ordinary shares, which, together with the interim ordinary dividend of 5.8 pence and the nominal dividend of 2 pence per ordinary share, gives a total ordinary dividend of 16.4 pence for the year ended 31 December 2021. Subject to approval of the declaration of the final ordinary dividend at the AGM, the final ordinary dividend will be paid on 27 May 2022 to the holders of ordinary shares whose names are recorded on the register of members at the close of business on 6 May 2022 (the associated ex-dividend date being 5 May 2022).

Resolutions 4 and 5 – Election of Directors

Since the 2021 AGM Notice, both Stephen Bird and Simon King have been appointed to the Board as Directors, their biographies are set out on page 59 of the 2021 Annual Report and Accounts.

Resolution 4 deals with the appointment of Stephen Bird to the Board. Mr Bird was appointed as an Independent Non-Executive Director on 13 September 2021. Stephen has extensive leadership experience developing successful, customer-led growth strategies in changing markets and digital transformations and customer service programmes.

Resolution 5 deals with the appointment of Simon King to the Board. Mr King was appointed as an Independent Non-Executive Director on 14 May 2021 and brings with him a wealth of leadership and executive retail experience in both business to business and business to consumer distribution. In his executive career, he has extensive experience of modernising businesses for digital success and business transformations.

In reviewing the recommendations of the Nomination Committee concerning their appointment, the Board concluded that Simon King and Stephen Bird will make effective and valuable contributions to the Board (as they have already done) and demonstrate commitment to their roles. Their respective skills and experience combined with their individual personal characteristics have already strengthened board discussion and the decision making process. Information relating to the Company's recruitment process appointing both Simon King and Stephen Bird is contained on page 82 of the 2021 Annual Report and Accounts. The Board has no hesitation in recommending their election to Shareholders.

Resolutions 6 to 8 - Re-election of Directors

Notwithstanding the specific rotation provisions of the Company's Articles of Association, the Board has determined that each of the Company's Directors shall retire and stand for re-election on an annual basis in accordance with the Code. Accordingly, all members of the Board will retire from office at the AGM and each shall stand for re-election, with the exception of Philip Lawrence who will stand down from the Board at the conclusion of the AGM.

The biographies and skills and experience of all Directors are set out on pages 58 and 59 of the 2021 Annual Report and Accounts.

Following the annual evaluation exercise conducted during the year, the Board, supported by the Nomination Committee, considers that each of the Directors proposed for re-election continues to make an effective and valuable contribution and demonstrates commitment to the role. The Board is content that each Non-Executive Director offering himself / herself for re-election is independent in character and there are no relationships or circumstances likely to affect his / her character or judgement. Accordingly, the Board unanimously recommends the re-election of all Directors.

Resolutions 9 and 10 – To authorise the Board to re-appoint PricewaterhouseCoopers LLP as the Auditor of the Company and to authorise the Directors to determine their remuneration

At every general meeting at which accounts are presented to shareholders, the Company is required to appoint an auditor to serve until the next such meeting. PricewaterhouseCoopers LLP have indicated their willingness to continue as the Company's Auditor for another year. Shareholders are therefore asked to approve their re-appointment (resolution 9) and to authorise the Directors to determine their remuneration (resolution 10).

Resolution 11 – Authority to allot shares

Shareholders are being asked to pass resolution 11 to grant to the Directors a general authority, for the purpose of section 551 of the Companies Act 2006 ('Act'), to allot relevant securities. With due regard to the Investment Association's guidelines, the proposed general authority is to allot up to an aggregate nominal amount of £639,931 representing 12,798,620 ordinary shares (approximately 15% of the Company's ordinary share capital (excluding treasury shares) in issue at 9 March 2022, being the latest practicable date prior to publication of this Notice).

As at 9 March 2022, the Company held 314,957 treasury shares, which represented 0.37% of the Company's issued share capital, which the Company can cancel or hold for sale or use to meet the obligations under the Company's employee share schemes.

This authority will lapse at the conclusion of the 2023 Annual General Meeting, or, if earlier, at the close of business on 19 June 2023. The Directors consider that this authority is desirable to allow the Company to retain flexibility, although they have no current intention of exercising this authority.

Resolution 12 – Disapplication of pre-emption rights (special resolution)

Shareholders are being asked to pass resolution 12 to empower the Directors to allot equity securities, or sell treasury shares, for cash as if section 561 of the Act (which gives shareholders certain pre-emption rights on the issue of shares or rights to subscribe for or convert securities into shares) did not apply to any such allotment. The resolution allows the issue or sale of shares in respect of rights issues and other issues pro rata to existing entitlements, and also allows issues or sales for cash (other than in relation to a rights issue or other pre-emptive issue) of shares up to an aggregate nominal amount of £213,310 (representing approximately 5% of the Company's ordinary share capital (excluding treasury shares) in issue at 9 March 2022, being the latest practicable date prior to publication of this Notice).

The Directors have no current intention of exercising this authority.

In accordance with the Pre-Emption Group's Statement of Principles available at www.pre-emptiongroup.org.uk, the Directors also confirm their intention that no more than 7.5% of the issued share capital of the Company (excluding treasury shares) will be issued for cash on a non pre-emptive basis during any rolling three-year period.

This authority will lapse at the conclusion of the 2023 Annual General Meeting or, if earlier, at the close of business on 19 June 2023.

Resolution 13 – Purchase of own shares (special resolution)

The Directors believe that it is in the interests of the Company and its shareholders to continue to have the flexibility to purchase its own shares and this resolution seeks authority from shareholders to do so.

The Act enables companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under the Company's employee share schemes. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

This resolution renews the authority given at the 2021 Annual General Meeting. The authority is in respect of no more than 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 9 March 2022 and will lapse at the conclusion of the 2023 Annual General Meeting or, if earlier, on 19 June 2023. The resolution specifies the maximum and minimum prices at which the shares may be bought. If the Company purchases any of its shares under the authority proposed by resolution 13, the Board will decide at the time whether to cancel them immediately or hold them in treasury.

The Directors confirm that they have no current intention of exercising this authority except: i) in relation to purchasing and holding shares in treasury to fulfil the Company's future obligations under its employee share schemes; and / or ii) in following its Capital Allocation Priorities (including any return of capital, in particular pursuant to the ordinary share buyback programme announced on 9 March 2022 and as further described in the Chairman's letter that accompanies this Notice), as detailed on page 13 of the 2021 Annual Report and Accounts, or otherwise where, considering market conditions and the prevailing share price at the time, the Board believes that the purchase and subsequent cancellation of shares would be in the best interest of shareholders generally.

Details of share options outstanding and treasury share movements including details of own shares acquired by the Company are shown in notes 24 and 25 to the financial statements on pages 176 to 180 of the 2021 Annual Report and Accounts.

Resolution 14 – Notice period for general meetings (special resolution)

This special resolution seeks the approval of shareholders to replace a similar authority granted at the 2021 AGM to allow the Company to hold general meetings, other than Annual General Meetings, on not less than 14 clear days' notice as required by the Companies (Shareholders' Rights) Regulations ('Regulations'). The shorter notice period would not be used as a matter of routine for such meetings but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. The Regulations require that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must meet certain requirements for electronic voting to be made available to its shareholders for that meeting.

The approval will be effective until the conclusion of the 2023 Annual General Meeting, when it is intended that a similar resolution will be proposed, or, if earlier, 19 June 2023.

Explanatory Notes to the Notice of Meeting

Notes 1 to 18 below give further explanation as to the proxy, voting and attendance procedures at the AGM.

1. Entitlement to appoint proxies

A shareholder entitled to attend and vote at the meeting is also entitled to appoint a proxy or proxies to attend, speak and vote instead of him / her. A shareholder may appoint a proxy or proxies, and vote:

- (a) electronically by visiting www.signalshares.com; or
- (b) by requesting a hard copy proxy form directly from the registrars, Link Group, at enquiries@linkgroup.co.uk or by calling Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales; or
- (c) in the case of CREST members, through the CREST electronic proxy appointment service.

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 member. A proxy need not be a shareholder of the Company.

Appointment of a proxy will not preclude a shareholder from observing the business of the AGM remotely or attending the Meeting and voting in person. However, if you do attend the Meeting in person and vote, any proxy appointment will be treated as void.

2. Appointing proxies in hard copy or electronically (other than through CREST)

To be effective, the instrument appointing a proxy and any power of attorney or other authority under which it is executed (or a notarial certified copy of such power or authority) must reach Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL not less than 48 hours before the time for holding the meeting. Proxy appointments can be made electronically via the Signal Shares service by logging on to www.signalshares.com. If you have not used the Signal Shares service before, you will need your Investor Code (which is printed on share certificates) in order to register. Electronic proxy appointments must also be received not less than 48 hours before the time for holding the meeting.

3. Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual (available via www.euroclear.com). 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 ('**Euroclear UK & International**') 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 the issuer's agent (ID RA10) by the latest time for the receipt of proxy appointments specified in explanatory note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by CREST application host) from which the issuer's agent 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 does not make available special procedures in CREST for any particular message. Normal system timing 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 sponsored member, or has appointed a voting service provider, to procure that his 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 systems and timing.

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

4. Joint holders

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names of the holders stand in the register of members in respect of the joint holding.

5. Entitlement to attend and vote

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the AGM is close of business on 17 May 2022 or, if the meeting is adjourned, close of business on the date two business days before the date for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.

6. Corporate Representatives

Corporations may appoint one or more corporate representatives who, on its behalf, may exercise all of its powers as a shareholder, provided that no more than one corporate representative exercises powers over the same share.

7. Nominated person

If you are a person who has been nominated under section 146 of the Companies Act 2006 ('Act') to enjoy nomination rights (a 'Nominated Person') you may, under an agreement between you and the shareholder of the Company who has nominated you, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If you do not have such a proxy appointment right, or you do but do not wish to exercise it, you may have a right to give instructions to the shareholder who has appointed you as to the exercise of voting rights. If you are a Nominated Person, the statement of the rights of shareholders in relation to the appointment of proxies above does not apply. Such rights can only be exercised by a registered shareholder of the Company.

8. Issued share capital/voting rights

As at 9 March 2022, being the latest practicable date prior to the publication of this document, the Company's issued share capital, including treasury shares, consisted of 85,639,209 ordinary shares of 5 pence each. Of these, 314,957 shares were held in treasury, the voting rights and entitlement to dividends of which were automatically suspended. Accordingly, the total number of voting rights in the Company as at that date was 85,324,252.

9. Right to ask questions

In ordinary circumstances, a shareholder attending the meeting has the right to ask questions relating to the business being dealt with at the meeting in accordance with section 319A of the Act. In certain circumstances prescribed by section 319A of the Act, the Company need not answer a question if (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or good order of the AGM that the question be answered.

Shareholder engagement is important to us and we are therefore continuing the practice of allowing shareholders to submit questions by email. Should you wish to submit questions relating to the business of the AGM that you would like to be addressed, you can send it via email to headlamgroup@headlam.com including your IVC (investor code) with AGM clearly shown in the subject field. Written answers will be collated and provided in respect of frequently asked questions (a single answer may be given to address shareholder queries on the same topic), where regulatory constraints permit and posted on the Company's website.

Additionally, shareholders will be able to ask questions as part of the webcast of the AGM proceedings. Any questions submitted that are not relevant to the business of the AGM will be considered after the meeting.

Submitting a question in advance of the AGM does not affect your rights as a shareholder to attend and speak at the AGM.

10. Shareholder requests under Section 527 of the Act

Under section 527 of the Act, shareholders of the Company representing at least 5% of the total voting rights of the Company, or at least 100 members who have a right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100, may require the Company to publish on its website a statement setting out any matter relating to the audit of the Company's accounts.

Where the Company is required to publish such a statement on its website it must forward the statement to the Company's Auditor no later than the time when it makes the statement available on its website. The business of the meeting includes any such statement that the Company has been required to publish on its website.

11. Members' right to request resolution to be proposed at meeting

Under section 338 and section 338A of the Act, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and / or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authenticated by the persons making it, must be received by the Company not later than 6 April 2022, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

12. Non-shareholder attendance

Persons who are not shareholders in the Company will not be admitted to the meeting or any virtual offering as described in the Chairman's letter unless prior arrangements are made and agreed with the Company.

13. Access arrangements

Should any shareholder with special needs wish to attend the meeting, please contact the Company using the details given in the next note so that appropriate arrangements can be made.

14. Communicating with the Company in relation to the AGM

Except as provided above, shareholders who wish to communicate with the Company in relation to the AGM should do so using the following means:

- by writing to the Company Secretary at the Company's registered office address at: PO Box 1, Gorsey Lane, Coleshill, Birmingham, B46 1LW; or
- by contacting Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, by email at enquiries@linkgroup.co.uk; or
- by email for the attention of the Company Secretary: headlamgroup@headlam.com

No other methods of communication will be accepted.

Explanatory Notes to the Notice of Meeting continued

15. Inspection of documents

Copies of the Directors' service agreements and, where appropriate, letters of appointment, a summary of the Directors' transactions in the Company's shares during the year and the written terms of reference for each of the Remuneration, Audit and Nomination Committees will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturday, Sundays and public holidays excluded) from the date of this Notice until the close of business on the business day preceding the AGM and will also be available for inspection for at least 15 minutes prior to the meeting and throughout the meeting.

There are no service agreements between any Director and any subsidiary of the Company.

16. Voting results

The results of the voting at the AGM will be announced through a Regulatory Information Service and will appear on the Company's website www.headlam.com as soon as practicable following the AGM.

17. Website

A copy of this Notice and other information required by section 311A of the Act, can be found at www.headlam.com.

18. Data protection statement

Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company).

The Company determines the purposes for which, and the manner in which, your personal data is to be processed. The Company and any third-party to whom it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

Shareholder Information

Shareholder helpline

The Company's shareholder register is maintained by Link Group ('Link') who are responsible for making dividend payments and updating the register, including details of changes to shareholders' addresses and purchases or sales of Company shares. If you have a question about your shareholding in the Company you should contact: Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. Email: enquiries@linkgroup.co.uk, telephone 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

FREQUENT SHAREHOLDER ENQUIRIES

If you change your address

Please notify Link in writing. If shares are held in joint names, the notification must be signed by all named shareholders.

If you change your name

Please notify Link in writing and enclose a copy of any marriage certificate or change of name deed as evidence.

Lost share certificates

If your share certificate is lost or stolen, you should call Link immediately. A letter of indemnity will be sent to you to sign. Link will charge for this service.

Duplicate shareholder accounts

If you receive more than one copy of the Company's communications you may have your shares registered inadvertently in at least two accounts. This happens when the registration details of separate transactions differ slightly. If you wish to consolidate such multiple accounts, write to Link to request the accounts are consolidated.

Buying and selling shares in the UK

If you wish to trade in the Company's shares, you can do so at Link's website, www.linksharedeal.com or alternatively use a stockbroker or high street bank which trades shares on the London Stock Exchange. There are many telephone and online services available. If you are selling, you will need to present your share certificate at the time of sale.

Transferring shares

Transferring shares to someone else requires the completion of a stock transfer form. A stock transfer form, and details of the procedure you need to follow, is available from Link's website <https://www.linkgroup.eu/>.

Share prices information

Shareholders can find share prices listed in certain national newspapers and websites. For a real-time buying or selling price, you should contact a stockbroker.

The Company's website

The Company's website at www.headlam.com provides news, details on the business and information on the share price. The Investors section of the website contains up to date information for shareholders including the Company's latest financial results and key dates such as dividend payment dates.

Electronic communications

The Company's policy is to provide all shareholder documents electronically whenever possible. As a consequence, you will receive copies of annual reports and certain other shareholder communications by post only if you have specifically opted to do.

Electronic communications are not only secure, but they are also quicker, more cost effective, and are in line with the Company's sustainability and environmental objectives as fewer resources are required compared with traditional printing and distribution methods. If you previously elected to receive a printed copy of the annual report, this is enclosed. If you have not elected to receive a printed copy and now wish to receive one, please contact Link by telephoning the shareholder helpline. 0371 664 0300 calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales and quoting your investor code which can be found on your share certificate.

If you now wish to sign up to receive future shareholder communications electronically rather than in paper form, you can do so via the share portal service provided by our registrar. To register simply go to www.signalshares.com and select 'Account Registration' and then follow the on-screen instructions by inputting your surname and your investor code. You will also need to input your postcode as well as entering an email address and selecting a password.

ShareGift

ShareGift, the charity share donation scheme, is a free service for shareholders wishing to give shares to charitable causes. It may be especially useful for those who wish to dispose of a small parcel of shares which would cost more to sell than they are worth. There are no capital gains tax implications (i.e. no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief. Further information can be obtained at www.sharegift.org.

Shareholder Information - continued

The unclaimed assets register

The Unclaimed Assets Register ('**Register**') is a unique search service that helps individuals to find their lost assets and re-establish contact with financial institutions. The Register has a database of unclaimed life policies, pensions, unit trust holdings, and share dividends drawn from many companies and can search for lost assets and entitlements.

The Register charges a small fixed fee for each search, 10% of which goes to charity. For further information, visit www.uar.co.uk.

Warning to shareholders

Shareholders are advised to be wary of any unsolicited investment advice or approach to buy or sell shares. If you receive an unsolicited investment approach, you should:

- Confirm the name of the person calling and the organisation they represent.
- Check that they are registered with the Financial Conduct Authority ('**FCA**') by calling 0800 111 6768 or by visiting www.fca.org.uk and contact the firm using the details on the register.
- Report the matter to the FCA by calling 0800 111 6768 or by visiting www.fca.org.uk.

Please note that if you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. Further information on this or similar activity can be found on the FCA website www.fca.org.uk. If you have any queries, please contact the Company Secretary.