

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to 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 the under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom 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 Existing Ordinary Shares are admitted to trading on AIM and assuming Shareholder approval of the Resolutions and consequently the Capital Reorganisation at the General Meeting, application will be made for the Existing Adjusted Ordinary Shares to be admitted to trading on AIM. Subject to Shareholder approval of the Resolutions at the General Meeting, application will be made for the New Ordinary Shares and the Existing Adjusted Ordinary Shares to be admitted to trading on AIM. It is expected that the New Ordinary Shares and the Existing Adjusted Ordinary Shares will be admitted to AIM and commence trading at 8.00 a.m. on 14 November 2024. Assuming the Resolutions are passed by Shareholders at the General Meeting, the New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Adjusted Ordinary Shares and will rank in full for all dividends and other distributions declared, made or paid on the New Ordinary Shares after the relevant Admission.

No application for admission to trading on AIM will be made in respect of the 2024 Deferred Shares created pursuant to the Capital Reorganisation, assuming such Capital Reorganisation is approved by the Shareholders at the General Meeting. Furthermore, no application is being made or has been made for the Existing Ordinary Shares to be admitted to listing or dealt with on any other recognised investment exchange and, assuming the Resolutions are passed by the Shareholders at the General Meeting, no application will be made for the Existing Adjusted Ordinary Shares and/or the New Ordinary Shares to be admitted to listing or dealt with on any other recognised investment exchange.

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 Financial Conduct Authority. 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 Financial Conduct Authority has itself examined or approved the contents of this document. Prospective investors should read this document in its entirety.

The total consideration for the Retail Shares will be less than €8 million (or an equivalent amount in pounds sterling) in aggregate. Therefore, in accordance with section 85 of FSMA and Article 1 of the Prospectus Regulation, this document is not, and is not required to be, a prospectus for the purposes of the Prospectus Regulation Rules and has not been prepared in accordance with the Prospectus Regulation Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the FCA, pursuant to sections 85 and 87 of FSMA, the London Stock Exchange or any other authority or regulatory body. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.

Haydale Graphene Industries plc

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 07228939)

Capital Reorganisation

**Placing of 1,646,801,585 New Ordinary Shares, Subscriptions for
249,056,601 New Ordinary Shares,
Retail Offer for up to 377,358,490 New Ordinary Shares all at
0.1325 pence per New Ordinary Share**

Issue of Convertible Loan Notes

and

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which contains, amongst other things, the Directors' unanimous recommendation that you vote in favour of the Resolution to be proposed at the General Meeting.

Cavendish Capital Markets Limited (“**Cavendish**”), which, in the United Kingdom, is authorised and regulated by the FCA, is acting as nominated adviser and broker to the Company for the purposes of the AIM Rules in connection with the Placing, the Subscriptions and Admission and as retail offer coordinator in relation to the Retail Offer and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Cavendish or for advising any other person in respect of the Placing, the Subscriptions, the Retail Offer and Admission or any transaction, matter or arrangement referred to in this document. Cavendish’s responsibilities as the Company’s nominated adviser are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Cavendish by FSMA or the regulatory regime established thereunder, Cavendish does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Existing Ordinary Shares or the Placing, the Subscriptions, the Retail Offer and Admission. Cavendish accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

Notice of a General Meeting of the Company, to be held at the offices of Fieldfisher LLP, 9th Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT at 11.00 a.m. on 13 November 2024 is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company’s registrars, Share Registrars Limited, 3 Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX by not later than 11.00 a.m. on 11 November 2024 (or, if the General Meeting is adjourned, 48 business hours before the time fixed for the adjourned meeting), excluding any non-business days.

Shareholders may also lodge a proxy vote online with Share Registrars Limited. You can register your vote for the General Meeting by visiting www.shareregistrars.uk.com, clicking on the “Proxy Vote” button and then following the on screen instructions as soon as possible but in any event no later than 11.00 a.m. on 11 November 2024.

Shareholders are encouraged to appoint the chair of the General Meeting as their proxy with directions as to how to cast their vote on the Resolutions proposed. For further details on how to submit a proxy vote, see the notes to the Notice of General Meeting at the end of this circular or the accompanying Form of Proxy.

Should members wish to ask any questions they would otherwise have asked at the General Meeting had they been in attendance regarding the Resolutions, they are encouraged to contact the Company prior to the General Meeting by email to Investorrelations@haydale.com.

Shareholders who hold their Existing Ordinary Shares in uncertificated form in CREST may alternatively use the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual, as explained in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by Share Registrars Limited by no later than 11.00 a.m. on 11 November 2024 (or, if the General Meeting is adjourned, 48 business hours before the time fixed for the adjourned meeting), excluding any non-business days.

Shareholders should not construe the contents of this document as legal, tax or financial advice, and should consult their own advisers as to matters contained herein.

IMPORTANT NOTICE

Cautionary note 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”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

Notice to overseas persons

The distribution of this document and/or any accompanying documents in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the “**US Securities Act**”) and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document does not constitute an offer of New Ordinary Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States.

Outside of the United States, the New Ordinary Shares are being offered in reliance on Regulation S under the US Securities Act. The New Ordinary Shares will not qualify for distribution under the relevant securities laws of Australia, Canada, Japan, New Zealand or the Republic of South Africa, nor has any prospectus in relation to the New Ordinary Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the New Ordinary Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Australia, Canada, Japan, New Zealand, the Republic of South Africa, or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a “**Restricted Jurisdiction**”) or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any New Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

Presentation of financial information

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent. In this document, references to “pounds sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom and references to “Euros” and “€” are to a lawful currency of the European Union.

Presentation of market, economic and industry data

Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No incorporation of website information

The contents of the Company’s website or any hyperlinks accessible from the Company’s website do not form part of this document and Shareholders should not rely on them.

Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading “Definitions”.

All times referred to in this document and the Form of Proxy are, unless otherwise stated, references to London time.

All references to legislation in this document and the Form of Proxy are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	David Banks, <i>Non-Executive Chairman</i> Keith Broadbent, <i>Chief Executive Officer</i> Patrick Carter, <i>Chief Financial Officer</i> Theresa Wallis, <i>Non-Executive Director</i> Gareth Kaminski-Cook, <i>Non-Executive Director</i> <i>all of whose business address is at the Company's registered office below</i>
Registered Office	Clos Fferws Parc Hendre Capel Hendre Ammanford Carmarthenshire SA18 3BL
Company Secretary	Mark Heycock
Haydale website	www.haydale-ir.com
Nominated Adviser and Broker	Cavendish Capital Markets Limited One Bartholomew Close London EC1A 7BL
Legal Adviser to the Company	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Legal Adviser to Cavendish	Dorsey & Whitney (Europe) LLP 199 Bishopsgate London EC2M 3UT
Registrar	Share Registrars Limited 3 The Millennium Centre Crosby Way Farnham Surrey GU9 7XX

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2024

Announcement of the ABB (Launch)	25 October
Announcement of the Retail Offer	25 October
Launch of Retail Offer via Bookbuild platform	25 October
Announcement of the results of the Placing and Subscriptions	28 October
Publication and posting of the Circular and Form of Proxy	28 October
Close of Retail Offer via Bookbuild platform	4:30 p.m., 28 October
Announcement of the results of the Retail Offer	28 October
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 11 November
General Meeting	11.00 a.m. on 13 November
Capital Reorganisation Record Date	6.00 p.m. on 13 November
Announcement of results of the General Meeting	13 November
Admission and commencement of dealings in the Existing Adjusted Ordinary Shares and the New Ordinary Shares	8.00 a.m. on 14 November
CREST accounts to be credited for the Existing Adjusted Ordinary Shares and the New Ordinary Shares to be held in uncertificated form	14 November
Dispatch of definitive share certificates for applicable New Ordinary Shares to be held in certificated form	week commencing 18 November

Notes:

1. Each of the above times and/or dates is subject to change at the absolute discretion of the Company and Cavendish. If any of the above times and/or dates should change, the revised times and/or dates will be announced through a Regulatory Information Service.
2. All of the above times refer to London time unless otherwise stated.
3. All events listed in the above timetable following the General Meeting are conditional on the passing of the Resolutions at the General Meeting.

SHARE CAPITAL, PLACING, SUBSCRIPTIONS, RETAIL OFFER AND CONVERTIBLE LOAN NOTE STATISTICS

Issue Price	0.1325 pence
Number of Existing Ordinary Shares	1,798,462,051
Number of Existing Adjusted Ordinary Shares in issue following the Capital Reorganisation	1,798,462,051
Number of Placing Shares	1,646,801,585
Number of Subscription Shares	249,056,601
Number of Retail Shares	Up to 377,358,490
Total value of Convertible Loan Notes	£500,000
Number of Ordinary Shares in issue immediately following Admission ¹	Up to 4,071,678,727
Number of 2023 Deferred Shares in issue immediately following Admission	785,853,051
Number of 2024 Deferred Shares in issue immediately following Admission	1,798,462,051
Percentage of the Enlarged Share Capital represented by the New Ordinary Shares ¹	55.83 per cent.
Gross proceeds of the Placing	£2.182 million
Gross proceeds of the Subscriptions	£0.330 million
Gross proceeds of the Retail Offer	Up to £0.5 million
Gross proceeds of the Convertible Loan Notes	£0.5 million
Estimated gross proceeds of the Fundraising receivable by the Company ¹	Up to £3.5 million

Notes:

1. Assuming full take up of the Retail Shares under the Retail Offer.

DEFINITIONS

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

“2023 Deferred Shares”	the existing deferred shares of 1.9 pence each in the capital of the Company
“2024 Deferred Shares”	new deferred shares of 0.09 pence each in the capital of the Company to be created pursuant to the Capital Reorganisation
“Act”	the Companies Act 2006 (as amended)
“Admission”	admission of the New Ordinary Shares and the Existing Adjusted Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market operated by London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by London Stock Exchange from time to time
“Articles”	the articles of association of the Company as amended pursuant to the passing of the Resolutions
“Bookbuild” or “Bookbuild Platform”	the online platform through which the Retail Offer is being conducted
“Capital Reorganisation”	means the proposed subdivision of the Company's 1,798,462,051 Existing Ordinary Shares of 0.1 pence each into 1,798,462,051 Existing Adjusted Ordinary Shares of 0.01 pence each and 1,798,462,051 2024 Deferred Shares in accordance with Resolution 1, contained in the Notice of General Meeting set out within the Circular
“Capital Reorganisation Record Date”	the record date for the Capital Reorganisation being 6.00 p.m. on 13 November 2024
“Cavendish”	Cavendish Capital Markets Limited or Cavendish Securities (as the case may be) (registered in England and Wales with registered number 06198898) whose registered office is at 1 Bartholomew Close, London, England, EC1A 7BL, the Company's nominated adviser and broker
“certificated form” or “in certificated form”	an Ordinary Share recorded on a company's share register as being held in certificated form (namely, not in CREST)
“Circular” or “document”	this circular of the Company giving (amongst other things) details of the Fundraising and incorporating the Notice of General Meeting
“CLN” or “Convertible Loan Notes”	the £500,000 10 per cent. fixed rate unsecured convertible loan notes of the Company constituted by the Convertible Loan Note Instrument to be issued to Octopus Investments
“Convertible Loan Note Instrument”	the convertible loan note instrument of the Company dated 25 October 2024 constituting the Convertible Loan Notes
“Company” or “Haydale”	Haydale Graphene Industries plc (incorporated and registered in England and Wales with registered number 07228939) whose registered office is at Clos Fferws, Parc Hendre, Capel Hendre, Ammanford, Carmarthenshire SA18 3BL

“CREST”	the relevant system (as defined in the CREST Regulations 2001) for the paperless settlement of trades and the holding of uncertificated securities, operated by Euroclear, in accordance with the same regulations
“CREST Manual”	the rules governing the operation of CREST, as published by Euroclear
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3875), as amended
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
“Deferred Shares”	together, the 2023 Deferred Shares and the 2024 Deferred Shares
“Directors” or “Board”	the directors of the Company whose names are set out on in the ‘DIRECTORS, SECRETARY AND ADVISERS’ section of this document, or any duly authorised committee thereof
“Enlarged Share Capital”	the 4,071,678,727 Ordinary Shares in issue immediately following Admission of the New Ordinary Shares (assuming full take up of the Retail Offer)
“Existing Adjusted Ordinary Shares”	means the 1,798,462,051 Ordinary Shares of 0.01 pence each in issue in the capital of the Company following the Capital Reorganisation being approved at the General Meeting (but not including the New Ordinary Shares)
“Euroclear”	Euroclear UK & International Limited, the operator of CREST
“Existing Ordinary Shares”	the 1,798,462,051 ordinary shares of 0.1 pence each in issue as at the date of this document, all of which are admitted to trading on AIM
“FCA”	the Financial Conduct Authority of the UK
“Form of Proxy”	the form of proxy for use in connection with the General Meeting which accompanies this document
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Fundraising” or “Fundraise”	together, the Placing, the Subscriptions, the Retail Offer and the issue of Convertible Loan Notes
“General Meeting”	the general meeting of the Company to be held at the offices of Fieldfisher LLP, 9th Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT on 13 November 2024 at 11.00 a.m., notice of which is set out at the end of this document
“Group”	the Company and its subsidiary undertakings
“Intermediaries”	any intermediary financial institution that is appointed by the Company in connection with the Retail Offer after the date of the Placing Agreement pursuant to an Intermediaries Agreement and “Intermediary” shall mean any one of them

“ISIN”	International Securities Identification Number
“Issue Price”	0.1325 pence per New Ordinary Share
“ITA”	UK Income Tax Act 2007
“London Stock Exchange”	London Stock Exchange plc
“Money Laundering Regulations”	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Criminal Justice Act 2003 and the Proceeds of Crime Act 2002
“New Ordinary Shares”	up to 2,273,216,676 new Ordinary shares of 0.01 pence each in the capital of the Company to be issued pursuant to the Fundraising following the Capital Reorganisation
“Notice of General Meeting”	the notice convening the General Meeting which is set out at the end of this document
“Octopus AIM VCT”	means Octopus AIM VCT plc
“Octopus AIM VCT 2”	means Octopus AIM VCT 2 plc
“Octopus Investments”	means together, Octopus AIM VCT and means Octopus AIM VCT 2
“Ordinary Shares”	means, prior to the Capital Reorganisation, the ordinary shares of 0.1 pence each in the capital of the Company, and following the Capital Reorganisation becoming effective, the ordinary shares of 0.01 pence each in the capital of the Company
“Overseas Shareholders”	Shareholders with registered addresses, or who are citizens or residents of, or incorporated in, countries outside of the United Kingdom
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Participating Directors”	the Directors subscribing for New Ordinary Shares in the Fundraising, being David Banks, Keith Broadbent, Theresa Wallis and Gareth Kaminski-Cook
“Placee”	such persons who have agreed to subscribe for Placing Shares pursuant to the Placing
“Placing”	the conditional placing by Cavendish (as agent for the Company) of the Placing Shares at the Issue Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 25 October 2024 between the Company and Cavendish relating to the Placing and the Retail Offer
“Placing Shares”	the 1,646,801,585 New Ordinary Shares to be issued pursuant to the Placing
“Proposals”	together, the Capital Reorganisation, the Fundraising and Admission
“Prospectus Regulation”	Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018
“Prospectus Regulation Rules”	the prospectus regulation rules made by the FCA pursuant to section 73A of FSMA

“Registrars” or “Receiving Agent”	Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX
“Regulatory Information Service”	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list on the website of the London Stock Exchange
“Resolutions”	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
“Restricted Jurisdictions”	the United States, Australia, Canada, Japan, New Zealand the Republic of South Africa and any other jurisdiction where the extension or availability of the Placing would breach any applicable law
“Retail Investors”	eligible investors (being existing Shareholders) in the Retail Offer
“Retail Offer Intermediaries Agreements”	the Retail Offer terms and conditions and the final terms which together set out the terms and conditions upon which each Intermediary agrees to make the Retail Offer available to Retail Investors
“Retail Offer”	the conditional offer of up to 377,358,490 New Ordinary Shares at the Issue Price through Intermediaries via the BookBuild Platform
“Retail Shares”	the up to 377,358,490 New Ordinary Shares to be issued pursuant to the Retail Offer subject to, <i>inter alia</i> , the passing of the Resolutions at the General Meeting
“Shareholders”	registered holders from time to time of the Ordinary Shares
“Subscribers”	the persons who have agreed to subscribe for the Subscription Shares pursuant to the Subscription Agreements
“Subscriptions”	the conditional subscriptions by the Subscribers for the Subscription Shares at the Issue Price made on the terms and subject to the conditions set out in the Subscription Agreements
“Subscription Agreements”	the conditional agreements each dated 25 October 2024 entered into between the Company and each of the Subscribers, relating to the Subscriptions
“Subscription Shares”	the 249,056,601 New Ordinary Shares which are to be issued pursuant to the Subscriptions
“uncertificated” or “in uncertificated form”	an Ordinary Share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“VCT” or “Venture Capital Trust”	a company which is, or which is seeking to become, approved as a venture capital trust under the provisions of Part 6 of the ITA
“£” or “Pounds”	UK pounds sterling, being the lawful currency of the United Kingdom
“\$” or “US\$” or “Dollars”	US dollars, being the lawful currency of the United States

LETTER FROM THE CHAIRMAN OF THE COMPANY

Haydale Graphene Industries plc

(Registered in England and Wales under the Companies Act 2006 with registered number 07228939)

Directors:

David Banks, *Chairman*
Keith Broadbent, *Chief Executive Officer*
Patrick Carter, *Chief Financial Director*
Theresa Wallis, *Non-executive Director*
Gareth Kaminski-Cook, *Non-executive Director*

Registered Office:

Clos Fferws
Parc Hendre
Capel Hendre
Ammanford
Carmarthenshire
SA18 3BL

28 October 2024

To holders of Ordinary Shares in the Company and, for information only and to holders of options.

Dear Shareholder,

Capital Reorganisation, Placing of 1,646,801,585 New Ordinary Shares, Subscriptions for 249,056,601 New Ordinary Shares, Retail Offer for up to 377,358,490 New Ordinary Shares all at 0.1325 pence per Ordinary Share, Issuance of £500,000 Convertible Loan Notes and Notice of General Meeting

Introduction

On 28 October 2024, the Company announced that it had conditionally raised approximately £2.5 million before expenses through the Placing and Subscriptions by the issue of 1,895,858,186 New Ordinary Shares at a price of 0.1325 pence per share and by conditional subscriptions for the Convertible Loan Notes.

The Board recognises and is grateful for the continued support received from Shareholders and is pleased to offer retail Shareholders the opportunity to participate in the Fundraising through the BookBuild Platform to raise a maximum of £0.5 million (assuming full take up of the Retail Offer) through the issue of up to 377,358,490 New Ordinary Shares at the Issue Price.

The Placing is conditional on, *inter alia*, the Resolutions being passed by the Shareholders at the General Meeting (and consequently, the Capital Reorganisation being approved by the Shareholders at the General Meeting), the Placing Agreement becoming unconditional in all respects in relation to the Placing and not having been terminated in accordance with its terms and Admission becoming effective. The New Ordinary Shares, the Retail Shares and the Convertible Loan Notes will be issued and allotted pursuant to the Shareholder allotment authorities to be obtained at the General Meeting.

Subject to Shareholder approval of the Resolutions at the General Meeting, application will be made for the Existing Adjusted Ordinary Shares and the New Ordinary Shares to be admitted to trading on AIM. It is expected that the Existing Adjusted Ordinary Shares and the New Ordinary Shares will be admitted to AIM and commence trading at 8.00 a.m. on 14 November 2024. Assuming the Resolutions are passed by Shareholders at the General Meeting, each of the New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Adjusted Ordinary Shares and will rank in full for all dividends and other distributions declared, made or paid on the New Ordinary Shares after Admission.

The Fundraising consists of the Placing, the Subscriptions, the issue of Convertible Loan Notes and the Retail Offer and is expected to raise £3.5 million in aggregate, assuming full take up of the Retail Offer.

The Fundraising is conditional upon, among other things, Shareholders approving the Resolutions at the General Meeting, compliance by the Company in all material respects with its obligations under the Placing Agreement and the occurrence of Admission.

The Issue Price represents a discount of approximately 50 per cent. to the closing mid-market price of 0.265 pence per Existing Ordinary Share on 25 October 2024, immediately prior to the announcement launching the Fundraising.

The purpose of this document is to provide you with information about the background to and the reasons for Proposals, to explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions to approve the Proposals.

A notice convening the General Meeting to approve the Resolutions is set out at the end of this document.

Background to and reasons for the Fundraising and Use of Proceeds

During the course of FY24 the Company has continued to focus its activities within its two key product areas, namely functionalised nano-materials and silicon carbide tooling. Within each, focus has been absolute in terms of pursuit of projects capable of yielding commercial scale revenues for Haydale in the shortest possible timeframe. However, the Company also recognises that progress has not proceeded with sufficient pace and therefore is using this fundraise as a catalyst for pan-organisational change. A significantly reconstituted Board will undertake a full and rigorous review of all aspects of the business with a view to reprioritising those areas offering up near term (as well as long term) profitability, positive cash generation, and other strategic options which align with Haydale's core strengths and accelerate certain commercial activities. A key objective is to bring forward the Group's break-even point compared to the current plan.

Within nano-materials the Group's IP commercialisation strategy is based around providing plasma functionalisation as a service to third-parties and working with specific industry partners looking to use functionalised nano-materials in an end-product of their own, providing application based consultancy with the intent of securing longer term volume supply agreements in due course. The Group's interactions during FY24 and beyond have been with increasingly high profile and, in the Board's view, promising strategic partners such as Petronas and Saint Gobain as well as a number of other highly prominent partners operating in, amongst others, the defence and chemicals sectors. In the context of a global graphene market currently projected to be worth c\$0.57bn in 2024 and forecast to grow at a compound annual growth rate of approximately 32 per cent. through to 2032 (Source: <https://www.fortunebusinessinsights.com/graphene-market-102930>) the Group's pipeline has built significantly, both in terms of number and range of opportunities now being progressed. Since the signing of a 2½ year collaboration contract with Petronas in August 2023 Haydale has grown the scope and number of active projects with Petronas from 8 to 16 with Haydale demonstrating ongoing success against client target criteria; Haydale now awaits Petronas' determination of those projects it wishes to pursue at volume. In a similar vein, Haydale's collaboration with Saint Gobain recently demonstrated success in functionalising Boron Nitride to improve performance with Saint-Gobain themselves flagging their own ADAPTIFLEX™, a new line of surface modified boron nitride powders, enhanced using Haydale's functionalisation process. Saint Gobain has now launched the product and the Company awaits formal orders.

The Company has also successfully demonstrated the effective use of its core graphene-based heater ink products in underfloor heating applications (which 3rd party tests have indicated could be up to 70 per cent. more efficient than wired solutions) and in other low power domestic appliance applications. Haydale is now working with some large industrial partners such as Staircraft (part of the Travis Perkins group) and Cadent, to get products validated and taken to market. Similarly, the Group continues to work on a graphene enhanced heat transfer fluid with its partner Hydratech; latest tests have demonstrated an improvement in thermal conductivity of circa 20 per cent. compared to existing thermal fluids and water and application trials have now commenced.

As regards the Group's silicon carbide tooling activities in the United States, FY24 was dominated by the frustration that the expected volume orders took longer to crystallise than expected, as alluded to in the Group's update of 20 May 2024 (exacerbated by a delay in the securing of a key agreement in China in July 2024). As announced at the time this was due to testing cycles taking longer than anticipated and a short-term US supply chain issue in June which temporarily reduced stock availability; this latter issue has

now been resolved and the Board now anticipates a much-improved FY25 in the US. Despite the frustration through FY24 the Group was active in terms of:

- investing in developing its channels to market including further additions to the manufacturer representative network, website launch and development of a third-party white label distribution capability (to serve both the US and European markets);
- building its US tooling pipeline, currently worth approximately US\$22.2m per annum as at the end of September 2024, of which US\$4.7m was in testing, and a further US\$6.2m was awaiting scheduling for testing. Testing is a critical step in the Company's process before progressing to a commercial contract with a partner. The main criteria are tool life and pricing and Haydale continuously scores well on both of these against its competition;
- pipeline development in Europe, through the Group's emerging relationship with a global white label supplier of precision tools; and
- pipeline development in China/Asia, through the successful completion in July 2024 of the negotiation of a five-year deal with a Chinese tooling manufacturing company to facilitate the distribution of Haydale's Silicon Carbide whisker reinforced cutting tool parts to new markets in Asia. The contract has a minimum financial commitment from the partner of US\$4.0m over its duration. The Board expects this agreement to enhance the availability and accessibility of Haydale's silicon carbide product to a broader range of industries in China, including the aerospace, automotive, and industrial manufacturing sectors. The Chinese Silicon Carbide cutting tool market has been estimated at c.US\$214 million in 2024 with a compound annual growth rate of 6.2 per cent. (*Source: Global Silicon Carbide Fibres Market Report 2021 - 2028, Market Insight Reports*). Importantly, the agreement will also provide Haydale with exclusive access to its new partner's range of proprietary Carbide and Cermet products for the US and non-exclusive access for UK and EU markets (although there is no minimum financial commitment set for this element) which, together with another agreement signed earlier this year by Haydale with a China based Cubic Boron Nitride (CBN) tooling manufacturer, will allow Haydale to provide a one stop shop offering to its customers across a wide range of tooling requirements. The global CBN market alone was projected to be worth \$1.3bn in 2023 and forecast to grow at 4.2 per cent. on a compound basis through to 2033.

Despite the commercial progress noted above, as previously reported, revenue development in the US has been delayed through FY24 which has meant that establishing debt funding in the US, as was previously envisaged, has had to be deferred pending the delayed forecast tooling sales coming through. Overall Group liquidity has been managed carefully with monthly net cash burn improving over FY24 to approximately £300,000 per month on a normalised basis. Whilst there has been some adverse impact in FY25 Q1 arising from the planned biannual production of silicon carbide and time taken to convert tooling opportunities in the US pipeline, cash burn is expected to reduce as sales progressively improve albeit subject to further restructuring as described above. The Group's ongoing losses have continued to deplete cash reserves, which stood at £1.72 million as at 30 June 2024 and £0.79 million at 30 September 2024. Accordingly the Company is now seeking to raise further capital to fund the Group's ongoing requirements, which will see continued delivery and development of the business partnerships and key product markets to which the Company is committed. The Directors anticipate more pronounced revenue growth in the US in FY25 which they expect will be capable of sustaining local asset-based funding (improving overall Group liquidity) and developing towards month-on-month cash generation in the US business during the fourth quarter of FY25, with the Group moving towards being Adjusted EBITDA positive in H2 FY26.

The Directors have concluded that proceeding with the Placing and Subscriptions, 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 and Subscription Shares at the level of discount represented by the Issue Price 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.

In view of the Group's current cash position and cash burn rate as noted above and in the absence of alternative funding proposals, the Group will not have sufficient funds required to meet its immediate working capital requirements. The Board therefore strongly recommends that Shareholders vote in favour of the resolutions required to approve the Fundraising.

It is anticipated that the net proceeds of the Fundraising will not alone be sufficient to fund the cash requirements of the Group for the next 12 months from the date of this announcement, nor through to a position where it is able to fund itself from its own cashflow, which is expected to occur in the second half of FY26. The Board intends to take further action to mitigate the current rate of cash burn and to raise further funding, either by way of equity or debt. As regards mitigating action, initiatives could include (though are not limited to) selective headcount reduction and other operating cost savings, closure of one or more subsidiary offices in Asia, renegotiation of underperforming contracts, and disposal of the Group's US operation. Following the Fundraising, and as noted above, the Board will undertake a full and rigorous review of all aspects of the business with a view to reprioritising those areas offering up near term (as well as long term) profitability, positive cash generation, and other strategic options which align with Haydale's core strengths and accelerate certain commercial activities.

As regards additional funding, the Group has received indicative term sheets during the course of FY24 from a US lender for a revolving credit line of between US\$1.0m and US\$1.5m secured against accounts receivable in the US silicon carbide business. Thus far these term sheets have not been progressed owing to the lower than expected performance of the Group's US business in FY24, as previously noted. The Board remains in dialogue with the proposed lender and intends to progress from term sheet to agreed facility in the amount of US\$1.5m during FY25 and is confident that the anticipated improving performance through FY25 in the US business will be capable of sustaining asset backed lending of this type and in this amount. The Group will also look at the possibility of securing additional equity funding as FY25 progresses, including from larger contract counterparties with whom the Group is in discussion.

In the event that debt facilities or further equity funding were not available or are unavailable in sufficient quantum during the course of FY25, as the proceeds of the fundraising are run-down, it is very likely that the Board would need to make further severe operational cost savings, curtail parts of the Group's operations and in extremis, consider the Group's ongoing viability as a going concern. Whilst the Directors believe that future debt and/or equity funding could be available, there can be no guarantee that sufficient funds could be raised at a later date. Any additional equity financing may be dilutive to Shareholders and any debt facilities may be subject to onerous terms.

Trading update and outlook

FY24 closed out slightly ahead of revised expectations at the revenue level with revenue of approximately £4.8* million which represents a 12 per cent. increase on prior year revenues, gross profit of approximately £2.8* million and an adjusted loss before interest, tax, depreciation and amortisation ("adjusted LBITDA") at £3.2* million, just behind the Board's original expectations for that year. Capital Expenditure in FY24 was £0.02* (excluding right of use assets) million and year end cash stood at £1.72 million and £0.79 million at 30 September 2024.

FY25 is expected to see revenues continue to build with further progress in our US Silicon Carbide sales on the back of the progressive conversion of its pipeline and good growth in UK revenues as the increasing client portfolio continues to bear fruit. Whilst there are full year impacts of the human infrastructure required to deliver the planned growth, adjusted LBITDA for FY25 is expected to narrow compared to the prior year, reflecting the building revenues offset by the annualised impact of inflationary cost pressures within the Group's operating units. Save as regards measures taken to preserve cash pending the outcome of the Fundraising, during the year to date the Company has continued to trade in line with the Directors' expectations with the Group continuing to make progress with its various commercial partners. As noted above, the Board will also need to access additional funding to secure the Group's requirements through FY25 and to provide the required bridge through to the point at which the Group is capable of generating sufficient monthly cashflow to sustain itself, which is expected to occur in the second half of FY26. The Company expects to announce audited results for the year ended 30 June 2024 during November 2024.

* Source: Haydale management information – subject to audit

The Placing

The Company has conditionally raised approximately £2.182 million (before expenses) by way of a conditional placing by Cavendish, as agent to the Company, of 1,646,801,585 New Ordinary Shares at the Issue Price pursuant to the terms of the Placing Agreement. The Placing is conditional, amongst other things, on the passing of the Resolutions, the Placing Agreement not having been terminated and Admission occurring on or before 8.00 a.m. on 12 November 2024 (or such later date as Cavendish and the Company may agree being not later than 8.00 a.m. on 20 December 2024). Cavendish and the Company have so agreed that Admission will now occur on or before 8.00 a.m. on 14 November 2024.

Under the terms of the Placing Agreement, Cavendish, as agent for the Company, has agreed to use its reasonable endeavours to procure Placees for the Placing Shares and to co-ordinate the offering of the Retail Shares, in each case at the Issue Price. The Company has given certain customary warranties to Cavendish in connection with the Placing, the Subscriptions and the Retail Offer and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Cavendish in relation to certain liabilities it may incur in undertaking the Fundraising. Cavendish has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, for a material breach of any of the warranties, upon the happening of certain *force majeure* events or upon the occurrence of a material change to or affecting the business of the Company. The Placing is not being underwritten.

The Placing Shares will be allotted and credited as fully paid and will rank *pari passu* in all respects with the Existing Adjusted Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or after the date on which they are issued.

The Subscriptions

Pursuant to the Subscriptions, the Company has conditionally raised £0.33 million by the issue of 249,056,601 New Ordinary Shares at the Issue Price.

Certain Directors, being Keith Broadbent, Theresa Wallis and Gareth Kaminski-Cook, have entered into Subscription Agreements to participate in the Fundraising, in addition to David Banks who participated in the Fundraising via the Placing to subscribe for in aggregate 41,509,431 New Ordinary Shares, representing £55,000 at the Issue Price. In addition, Anthony Best and Jehova Guernsey Holdings Ltd, a vehicle associated with Nicholas Money-Kyrle have subscribed for £0.3 million in aggregate for 226,415,094 Subscription Shares.

The Subscriptions are conditional upon (amongst other things) the passing of the Resolutions, the Placing Agreement not having been terminated and Admission occurring on or before 8.00 a.m. on 12 November 2024 (or such later date and/or time as Cavendish and the Company may agree, being no later than 8.00 a.m. on 20 December 2024). Cavendish and the Company have so agreed that Admission will now occur on or before 8.00 a.m. on 14 November 2024.

The Convertible Loan Notes

Octopus Investments via Octopus AIM VCT and Octopus AIM VCT 2 have signed an agreement to subscribe for £0.5 million in aggregate of Convertible Loan Notes. The Convertible Loan Notes are unsecured, repayable after 5 years and carry an interest rate of 10 per cent. per annum, such interest to be rolled up and to be paid on redemption or conversion. The issue of the Convertible Loan Notes is subject to the passing of the Resolutions.

Interest will accrue daily and be payable upon the redemption of the Convertible Loan Note. The issue of the Convertible Loan Notes is subject to the placing agreement becoming unconditional and not having been terminated in accordance with its terms and the passing of the Resolutions. The Convertible Loan Notes will be issued on Admission. If this condition is not satisfied, the Convertible Loan Notes will not be issued and any monies received from subscribers will be returned (at the subscriber's risk and without interest) as soon as possible thereafter.

The principal amount of the Convertible Loan Notes and all accrued interest is convertible into Ordinary Shares of the Company at the repayment date at the noteholders option or otherwise, upon the occurrence of certain events, including a fundraising, business sale or takeover, (an "**Exit Event**"), at the lower of (i) the

Issue Price; (ii) the subscription price of the last funding round prior to a conversion event; and (iii) in respect of an Exit Event, at a 25 per cent. discount to the price per share on any such Exit Event.

The Convertible Loan Notes will not be admitted to trading on AIM or any other investment exchange.

The Retail Offer

The Company values its retail shareholder base and believes that it is appropriate to provide eligible retail shareholders in the United Kingdom ("**Eligible Investors**") with the opportunity to participate in the Retail Offer.

Pursuant to the terms of the Retail Offer Intermediaries Agreement, the Company has made the Retail Offer to holders of Existing Ordinary Shares only through Intermediaries via the Bookbuild Platform. The Retail Offer is conditional on the Placing being completed and Admission taking effect and in respect of up to 377,358,490 New Ordinary Shares at the Issue Price to raise proceeds of up to £0.5 million (before expenses). The Retail Offer will, if taken up in full, result in the issue of New Ordinary Shares representing approximately 9.27 per cent. of the Enlarged Issued Share Capital. The Retail Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares.

Proposed Capital Reorganisation

The Company is not permitted by law to issue Ordinary Shares at an issue price which is below their nominal value, currently 0.1 pence per Existing Ordinary Share. In order to enable the Company to issue shares at an issue price which exceeds their nominal value, the Company is proposing to complete a Capital Reorganisation of the Existing Ordinary Share capital of the Company. Each Existing Ordinary Share will be subdivided into one new Ordinary Share of 0.01 pence each and one 2024 Deferred Share of 0.09 pence each.

The Capital Reorganisation will not of itself affect the value of the shares held by Shareholders. After the Capital Reorganisation there will be the same number of Existing Adjusted Ordinary Shares in issue as there are Existing Ordinary Shares in issue and therefore current shareholdings will not be diluted by the Capital Reorganisation alone, unless the Fundraising (or any other further equity fundraising) is completed by the Company.

The Existing Adjusted Ordinary Shares will have the same rights as those currently accruing to the Existing Ordinary Shares in issue, including those relating to voting and entitlement to dividends.

The 2024 Deferred Shares will rank equally with the existing 2023 Deferred Shares in the capital of the Company save as to the amount of their nominal value. They will have no significant rights attached to them, will carry no right to vote or participate in distribution of surplus assets and will not be admitted to trading on the AIM market of the London Stock Exchange. Therefore, the 2024 Deferred Shares will effectively have no value.

Assuming Shareholder approval of the Resolutions at the General Meeting referenced below, application will be made for the Existing Adjusted Ordinary Shares to be admitted to trading on AIM in place of the Existing Ordinary Shares and it is expected that Admission will become effective and that dealings in the Existing Adjusted Ordinary Shares will commence on 14 November 2024. No application for admission to trading on AIM will be made in respect of the Deferred Shares.

Assuming Shareholder approval of the Resolutions at the General Meeting, Shareholders who hold Existing Ordinary Shares in uncertificated form will have such shares disabled in their CREST accounts on the Capital Reorganisation Record Date and their CREST accounts will be credited with the Existing Adjusted Ordinary Shares following Admission, which is expected to take place on 14 November 2024. The ISIN and SEDOL number of the Existing Adjusted Ordinary Shares will be the same as the Existing Ordinary Shares and any share certificates for the Existing Ordinary Shares will remain valid for the Existing Adjusted Ordinary Shares. No share certificates will be issued in respect of the Deferred Shares following the Capital Reorganisation.

Holders of options over Existing Ordinary Shares will maintain the same rights as those currently accruing to them and will not be issued with new option certificates. Resolution 2 in the Notice of General Meeting is proposed to amend the existing articles of association of the Company to set out the rights pertaining to

the Deferred Shares relative to the Existing Adjusted Ordinary Shares. Resolution 2 is conditional upon the passing of Resolution 1. A copy of the amended articles of association will be available for inspection throughout the General Meeting.

Relationship Agreement

Quidos Technologies Limited (“**Quidos**”) is a proposed key strategic investor in the Placing in the amount of £0.9 million and will on completion of the Fundraising (“Completion”) own (together with parties acting in concert with it) approximately 17.7 per cent. of the Enlarged Issued Share Capital, assuming the Retail Offer is fully subscribed.

Accordingly, with effect from Completion the Company and Quidos will enter into a Relationship Agreement pursuant to which the Company and Quidos agree to regulate aspects of the continuing relationship between them. In particular, Quidos has agreed to ensure that the Company is capable at all times of carrying on its business independently of Quidos (together with any associates and/or persons with whom it is acting in concert) and that transactions between the parties are on arms’ length terms and on a normal commercial basis. In addition, for so long as Quidos continues to hold Ordinary Shares representing in excess of 15 per cent. of the issued share capital of the Company, Quidos has the right to nominate and appoint a director of the Board.

Board

With effect from Completion David Banks, currently Chair, will step down from the Board. At the same time Keith Broadbent, currently Chief Executive Officer, will also step down from the Board to become Chief Operating Officer (non-Board). A search for a new Chief Executive will begin in due course and, in the interim, Gareth Kaminski-Cook will act as Executive Chair and will assume responsibility for the overall management of Haydale. Once a new CEO is appointed Gareth will revert to Non-Executive Chair. The Board would like to place on record its thanks to David Banks for his considerable contribution to the Group.

The Board also intends to appoint Simon Turek as a Non-Executive Director with effect from Admission, subject to completion of the Fundraising and customary due diligence. Simon will serve as a Board representative of Quidos and will accordingly not be deemed to be an independent Director for the purposes of the Company’s Corporate Governance policies.

Simon brings over 15 years of experience in environmental and financial markets. He is currently the Chair and previously served as Managing Director of PNZ Carbon, a leading carbon market project developer. His background includes being Executive Director at CME Group, where he managed international government relations, as well as roles in financial regulation within the UK and EU. He began his career as a lawyer in New Zealand. Simon has been a Chair and Non-Executive Director on several boards, in financial services and the social housing sector, and a trustee of several charities.

Further disclosure will be provided in relation to Mr Turek in due course, when he is formally appointed to the Board.

Settlement and Dealings

The New Ordinary Shares, when issued, will be fully paid and will rank *pari passu* in all respects with the Existing Adjusted Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue.

Applications will be made to the London Stock Exchange for admission of the New Ordinary Shares to trading on AIM. It is expected that Admission will take place on or before 8.00 a.m. on 14 November 2024 and that dealings in the Existing Adjusted Ordinary Shares and the New Ordinary Shares on AIM will commence at the same time.

In accordance with the provisions of the Disclosure and Transparency Rules of the FCA, the Company confirms that, immediately following Admission, its issued share capital will comprise 4,071,678,727 Ordinary Shares of 0.01 pence each (assuming full take up of the Retail Offer). All Ordinary Shares shall have equal voting rights and, following the Fundraising, none of the Ordinary Shares will be held in treasury. The total

number of voting rights in the Company immediately following Admission will therefore be 4,071,678,727 (assuming full take up of the Retail Offer).

Participation of the Directors in the Fundraising

As outlined above certain Directors have agreed to subscribe for New Ordinary Shares pursuant to the Fundraising. The number of New Ordinary Shares subscribed for by each Participating Director and their resulting shareholdings upon Admission are set out below:

<i>Director</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Number of New Ordinary Shares subscribed for</i>	<i>Total number of Ordinary Shares held following Admission</i>	<i>Percentage of Enlarged Share Capital following Admission*</i>
David Banks	8,000,000	0.44	18,867,924	26,867,924	0.66
Keith Broadbent	4,952,381	0.28	7,547,169	12,499,550	0.31
Theresa Wallis	2,011,904	0.11	11,320,754	13,332,658	0.33
Gareth Kaminski-Cook	200,000	0.01	3,773,584	3,973,584	0.10

* Assuming the Retail Offer is subscribed in full.

Related party transactions

The conditional subscriptions for New Ordinary Shares by Participating Directors as outlined above constitute related party transactions pursuant to Rule 13 of the AIM Rules. Patrick Carter as independent director, having consulted with the Company's nominated adviser, Cavendish, considers that the terms of the participation in the Fundraising by the Participating Directors are fair and reasonable insofar as the Company's Shareholders are concerned.

The issuance of £0.5 million of Convertible Loan Notes to Octopus Investments via Octopus AIM VCT and Octopus AIM VCT 2 for £0.3 million and £0.2 million respectively, constitutes a related party transaction by virtue of them being a significant shareholder in the Company. The Directors consider, having consulted with Cavendish (the Company's nominated adviser), that the terms of the participation in the Fundraising by Octopus AIM VCT and Octopus AIM VCT 2 are fair and reasonable insofar as the Company's shareholders are concerned.

General Meeting

Set out at the end of this document is a notice convening the General Meeting to be held at the offices of Fieldfisher LLP, 9th Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT on 13 November 2024 at 11.00 a.m. at which the Resolutions will be proposed for the purposes of implementing the Proposals.

Resolution 1, which will be proposed as an ordinary resolution, is to authorise the 1,798,462,051 Existing Ordinary Shares of 0.1 pence each in the issued share capital of the Company being sub-divided into 1,798,462,051 Existing Adjusted Ordinary Shares of 0.01 pence each in the capital of the Company and 1,798,462,051 2024 Deferred Shares of 0.09 pence each in the capital of the Company.

Resolution 2, which will be proposed as a special resolution, is to amend the articles of association to set out the rights and restrictions attaching to the 2024 Deferred Shares.

Resolution 3, which will be proposed as an ordinary resolution, is to authorise the Directors to allot the New Ordinary Shares in connection with the Fundraising provided that such authority shall expire on the date falling three months after the date of the passing of the resolution.

Resolution 4, which will be proposed as a special resolution, disapplies Shareholders' statutory pre-emption rights in relation to the issue of the New Ordinary Shares pursuant to the Fundraising provided that such authority shall expire on the date falling three months after the date of the passing of the resolution.

Action to be taken

In respect of the General Meeting

You can vote in respect of your shareholding by attending the General Meeting or by appointing one or more proxies to attend the meeting and vote on your behalf. If you appoint a proxy, you may still attend and vote at the General Meeting in person should you decide to do so.

Whether or not you propose to attend the General Meeting in person, you are requested to appoint a proxy who will be able to vote for you if you are prevented from attending.

Proxies may be appointed by either:

- completing and returning the enclosed proxy form; or
- registering an online proxy vote at www.shareregistrars.uk.com, clicking on the "Proxy Vote" button and then following the on-screen instructions; or
- using the CREST electronic proxy appointment service (for CREST members only).

In either case, the notice of appointment of a proxy should reach the Registrars by no later than 11.00 a.m. on 11 November 2024. Please refer to the Notes to the Notice of General Meeting at the rear of this document and the enclosed proxy form for detailed instructions.

The attention of shareholders is drawn to the voting intentions of the Directors set out below.

Importance of the vote

Shareholders should be aware that if the Resolutions are not approved at the General Meeting, the Fundraising will not occur and the net proceeds of the Fundraising will not be received by the Company. If this were to happen, unless the Group was able to raise potentially more expensive and/or dilutive funds from alternative sources, the Group would not have sufficient working capital to continue to trade for the next 12 months without taking mitigating action to significantly reduce the operating costs of the Group which would in turn adversely impact the Group's ability to pursue its current strategy and its future prospects. You are also referred to the section of this document headed "Background to and reasons for the Fundraising and Use of Proceeds" for further information on the Company's financial condition.

Recommendation

The Directors consider the Fundraising and the passing of the Resolutions to be in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Directors recommend that you vote in favour of the Resolutions, as they intend to do in respect of their own holdings of Existing Ordinary Shares, totalling 15,164,285 Existing Ordinary Shares, being approximately 0.84 per cent. of the Existing Ordinary Share capital of the Company.

Yours sincerely

David Banks

Chair

Haydale Graphene Industries plc

(Registered in England and Wales under the Companies Act 2006 with registered number 07228939)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Haydale Graphene Industries plc (the “**Company**”) will be held on Wednesday, 13 November 2024 at 11.00 a.m. at the offices of Fieldfisher LLP, 9th Floor, Riverbank House, 2 Swan Lane, London, EC4R 3TT. Resolutions 1 and 3 shall be tabled as ordinary resolutions and Resolutions 2 and 4 shall be tabled as special resolutions. The business of the meeting will be to consider and, if thought appropriate, to pass the following resolutions:

ORDINARY RESOLUTION

1. That each and every existing ordinary share of 0.1 pence each in the capital of the Company be subdivided into one ordinary share of 0.01 pence each and one deferred share of 0.09 pence each, such deferred shares having the rights and being subject to the restrictions as set out in Resolution 2.

SPECIAL RESOLUTION

2. That, subject to and conditional on the passing of Resolution 1, the existing Articles of Association of the Company shall be amended by the insertion of a new article 4.1A as follows in place of the existing article 4.1A, namely:

“4.1A. Ordinary Shares and Deferred Shares

4.1A.1 *The share capital of the Company shall be comprised of ordinary shares (“**Ordinary Shares**”) of 0.01 pence nominal value, deferred shares of 1.9 pence nominal value (“**2023 Deferred Shares**”) and deferred shares of 0.09 pence nominal value (“**2024 Deferred Shares**” and together with the 2023 Deferred Shares “**Deferred Shares**”). The Ordinary Shares shall rank *pari passu* together as one class.*

4.1A.2 *The Deferred Shares, which save as otherwise provided below, shall rank *pari passu* together as one class:*

- (a) *shall not be entitled to any dividends or to any other right or participation in the profits of the Company;*
- (b) *on any return of assets on liquidation, shall confer on the holders thereof an entitlement to receive out of the assets of the Company available for distribution amongst the members (subject to the rights of any new class of shares with preferred rights) the amount paid up or credited as paid up on the Deferred Shares held by them respectively after (but only after) payment shall have been made to the holders of the Ordinary Shares of the amounts paid up or credited as paid up on such shares and the sum of £10,000,000 in respect of each Ordinary Share held by them respectively. The holders of the Deferred Shares shall have no further right to participate in the assets of the Company;*
- (c) *shall not be entitled to vote upon any resolution of the Company in general meetings and shall not be entitled to receive notice of, attend any general meeting, or be part of the quorum thereof as the holders of the Deferred Shares;*
- (d) *any reduction of capital involving the cancellation of the Deferred Shares for no consideration shall not be deemed to be a variation of the rights attaching to them nor a modification or abrogation of the rights or privileges attaching to the Deferred Shares;*
- (e) *the special rights conferred upon the holders of the Deferred Shares shall be deemed not to be modified, varied or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the Deferred Shares and/or which confer on the holders voting rights more favourable than those conferred by the Deferred Shares and/or by the reduction of capital paid up on Deferred Shares;*

- (f) *notwithstanding any provisions of these Articles, the holders of the Deferred Shares shall not be entitled to be issued with a share certificate;*
- (g) *no transfer of any Deferred Shares shall be permitted save as permitted by Article 4.1A.2(h) below; and*
- (h) *the Company shall have irrevocable authority from each holder of Deferred Shares at any time to do all or any of the following without obtaining the sanction of the holder or holders of the Deferred Shares:*
 - (i) *to appoint any person to execute on behalf of the holders or any holder of the Deferred Shares a transfer of all or any part thereof and/or an agreement to transfer the same (without making any payment to the holders of those shares) to such person or persons as the Company may determine and/or to execute any documents which such person may consider necessary or desirable to effect such transfer, in each case without obtaining the sanction of the holder(s) of those shares and without any payment being made in respect of such acquisition;*
 - (ii) *to purchase all or any of the shares in accordance with the provisions of the Statutes as relevant without obtaining the sanction of the holder(s) of those shares in consideration of the payment to the holders whose shares are purchased of an amount not exceeding £1 in respect of all the Deferred Shares then being purchased and to cancel all or any of the Deferred Shares purchased in accordance with the Statutes; and*
 - (iii) *for the purpose of any such purchase, to appoint any person to execute a contract for the sale of any such shares to the Company on behalf of any holder of Deferred Shares.*

4.1A.3 *Without prejudice to any special rights previously conferred on holders of any existing shares or class of shares, any share in the Company may be issued with such rights (including preferred, deferred or other special rights) or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine)."*

ORDINARY RESOLUTION

3. **THAT**, subject to the passing of resolutions 1 and 2, in accordance with section 551 of the Act, the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares in the Company, up to an aggregate nominal value of £727,322 in connection with the proposed Fundraising (as defined in the circular to the Company's shareholders dated 28 October 2024), provided that:
- (a) unless previously renewed, revoked, varied or extended, this authority shall expire on the date which is three months after the date of passing of this Resolution; and
 - (b) the Directors may, before this authority expires, make an offer or agreement which would or might require shares to be allotted or rights to be granted after it expires and the Directors may allot shares or grant rights in pursuance of such offer or agreement as if this authority had not expired.

This authority shall be in addition to any and all existing authorities conferred upon the Directors pursuant to section 551 of the Act which shall continue in full force and effect.

SPECIAL RESOLUTION

4. **THAT**, conditional upon the passing of resolutions 1, 2 and 3 (and in addition to all existing unexercised powers of the Directors under sections 570 and 571 of the Act, which shall continue in full force and effect), the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred on them by resolution 3 above and in connection with the Fundraising as if section 561 of the Act did not apply to such allotment, provided that:
- (a) unless previously renewed, revoked, varied or extended, such power shall expire on the date which is three months after the date of passing of this Resolution; and
 - (b) the Company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

BY ORDER OF THE BOARD

M Heycock
Company Secretary

28 October 2024

Notes to the Notice of General Meeting:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy in relation to the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member.
2. To appoint as a proxy a person other than the chair of the meeting, a member must insert the proxy's full name in the box on the proxy form. If a member signs and returns a proxy form with no name inserted in the box, the chair of the meeting will be deemed to be the member's proxy. Where a member appoints as a proxy someone other than the chair, the member is responsible for ensuring that the proxy attends the meeting and is aware of the member's voting intentions. If a member wishes a proxy to make any comments on the member's behalf, the member will need to appoint someone other than the chair and give them the relevant instructions directly.
3. A member which is a corporation is entitled to appoint one or more corporate representatives to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member. If a member which is a corporation appoints more than one corporate representative in relation to the meeting, each representative must exercise the rights attached to a different share or shares held by that member. In the case of a member which is a corporation, the proxy form must be executed under the corporation's common seal or signed on its behalf by a duly authorised officer of the corporation or an attorney for the corporation.
4. A Form of Proxy is enclosed. To be valid, the Form of Proxy (and any power of attorney or other authority (if any) under which it is signed) must be duly completed and signed and deposited at the office of the Company's registrars, Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX not less than 48 hours (excluding non-working days) before the time for holding the meeting (or any adjourned meeting). Completion of a Form of Proxy does not preclude a member from attending and voting in person at the meeting if (s)he so wishes.
5. Shareholders may also lodge a proxy vote online with Share Registrars Limited. You can register your vote for the General Meeting by visiting www.shareregistrars.uk.com, clicking on the "Proxy Vote" button and then following the on-screen instructions as soon as possible but in any event no later than 11.00 a.m. on 11 November 2024.
6. Pursuant to Regulation 41 of the CREST Regulations, the Company specifies that only those members entered in the Company's register of members at 11.00 a.m. on 11 November 2024 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Changes in the Company's register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting. If the meeting is adjourned, only those members entered in the Company's register of members 48 hours (excluding non-working days) before the time and date of the adjourned meeting shall be entitled to attend and vote at the adjourned meeting.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 13 November 2024 and any adjournment(s) thereof 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 should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate 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 must be transmitted so as to be received by the Company's Registrars, Share Registrars Limited (CREST Participant ID: 7RA36), no later than 48 hours (excluding non-working days) before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
9. CREST members and, where applicable, their CREST sponsor or voting service provider 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 sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) 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 sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.
11. You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this notice or in any related documents to communicate with the Company for any purposes other than those expressly stated.
12. 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 (as attributed to you by the Company or its registrars). 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 which 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.
13. As at 25 October 2024 (being the last practicable date prior to the publication of this notice), the Company's issued share capital consisted of 1,798,462,051 Existing Ordinary Shares of 0.1 pence each, carrying one vote per share. Therefore, the total voting rights in the Company as at 25 October 2024 (being the latest practicable date prior to the posting of this document) were 1,798,462,051.

