

Chair's Statement

Introduction

I am pleased to present Haydale Graphene Industries Plc's ("Haydale", the "Group" or the "Company") full year audited results to 30 June 2024 ("FY24").

During the year the Company continued to focus its activities within its two key product areas, namely functionalised nano-materials and silicon carbide advanced 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. In the letter to shareholders at the time of the recent fundraising, we explained that because progress had been slower than anticipated, the reconstituted board would undertake a full and rigorous review of all aspects of the business with a view to reprioritising those areas offering up near term profit enhancement and positive cash generation, whilst continuing to pursue the most commercially attractive longer term strategic options. This review is now underway.

Summary financials

Commercial revenue for FY24 of £4.82 million (FY23: £4.30 million) was up by 12% on prior year with the UK nanomaterials business recording a 75% growth in sales. Gross profit margin was slightly up due to sales mix at 58% (FY23: 56%) resulting in a gross profit of £2.81 million (FY23: £2.39 million). Other operating income for the year of £0.38 million (FY23: £0.38 million) was in line with last year. Adjusted administrative expenses increased by £0.09 million (1.4%) to £6.35 million (FY23: £6.26 million) resulting in an adjusted operating loss of £3.16 million (FY23: £3.49 million). Total administrative expenses were £9.15 million (FY23: £8.93 million) as a result of the above plus a number of additional non-trading items, namely share-based payments charges of £0.03 million, a depreciation and amortisation charge of £1.51 million and an impairment of US intangible assets of £1.23m (as described in note 10). The loss for the year was £6.11 million (FY23: £6.17 million).

Operational Highlights

The UK operation saw the business partnerships fostered in FY23 develop positively, with new contracts secured with a number of high-profile blue-chip customers looking to use our plasma functionalisation service and technology to improve their own materials and end application performance. In addition, progress was made on our own heater ink and thermal transfer fluid products with an expectation that, in conjunction with our partners, some of these may be market ready early next financial year if not before across a number of end applications.

The US operations have seen a period of retrenchment whilst infrastructure supporting the move up the value chain from SiC powders and into cutting tool manufacture and distribution has continued to be rolled out. The sales function has been

strengthened which has materially increased the pipeline of opportunities albeit the sales cycle is proving to be longer than anticipated. Crucially, the US has signed a number of key agreements that significantly extend both the tool range it can offer to its customers as well as increase its geographical reach into Europe and Asia.

Staff

I would like to thank our staff for their outstanding support and commitment, as their efforts are key to our achieving our aims. I would also like to thank the executive management team who continue to drive the transition towards a sustainable commercial operation.

Funding

On 14 November 2024, the Company completed a fundraising of £3.1million (gross) and I would like to welcome our new shareholders and to thank our existing shareholders for their continued support.

Outlook

The Company recognises that progress has not proceeded with sufficient pace and therefore intends to use the recent fundraising as a catalyst for change. As noted above and in line with our commitment in the fundraising circular, the reconstituted Board has embarked on a thorough review (the "Review"), including cost restructuring and commercial focus. Our priority is to bring forwards the Group's break-even point and cash generation, and we will be reporting progress to the market in due course.

Gareth Kaminski-Cook

Chair

29 November 2024