

CEO Report

FY25: A fundamental reset and the relaunch of Haydale

Overview

When I joined the Board in November 2024, it was clear that Haydale could not continue on its prior trajectory. The Group was spread across multiple geographies, carrying a cost base misaligned with revenues, and dependent on long-dated assumptions around overseas operations and third-party adoption of Haydale's technology that were not converting into value.

The conclusion of my strategic review, delivered in December 2024, was clear: Haydale required a fundamental reset. That was the mandate upon which I assumed the role of CEO in January 2025. The subsequent actions taken in FY25 were designed to remove structural constraints on growth and to position the Group for commercial scale. With these foundations now in place, Haydale enters FY26 as a fundamentally different business: simplified, commercially aligned and focused on execution rather than restructuring.

FY25 should therefore not be treated as a baseline. It represents a period of deliberate discontinuity: the controlled wind-down of the legacy operating model and the relaunch of Haydale as a focused, product-led commercial business. In summary, this has not been a continuation of the existing business. It has been an orderly exit from an operating model that was not scalable and a rebuild from first principles.

From diffuse R&D and non-core activities to a focused, product-led execution

Haydale has a world-leading platform technology in its proprietary HDPlas[®] plasma functionalisation process, and owns derivative intellectual property with high barriers to entry in the advanced materials space. In particular, the graphene heater ink underpinning the JustHeat product range is highly energy-efficient and technologically differentiated.

However, the Company's track record over recent years has demonstrated that Haydale could not rely on others adopting its technology at scale. To succeed, Haydale needed to control its own commercial destiny by taking its intellectual property into product form, targeting volume applications, and building a delivery capability aligned to that ambition. This shift removes reliance on third-party adoption cycles and places control of revenue growth directly with-in the Group.

My priority since January 2025 has therefore been to radically simplify the business:

- exiting loss-making overseas operations and non-core activities;
- reducing overheads through disciplined cost control;
- consolidating legacy Haydale operations into a single UK site; and

- focusing the organisation on a small number of scalable opportunities.

As a result, Haydale has exited its historical, cash-burning businesses and is now focused on only two core activities:

- the manufacture and commercialisation of plasma functionalised graphene-based heating and thermal products, led by the JustHeat range; and
- plasma functionalisation for third parties, increasingly undertaken as paid product-development work with clear routes to volume.

Where Haydale was previously an R&D-centric organisation attempting to support more than 100 projects, products and services, it is now a simpler, product-led commercial business. Whilst we retain ownership of all our intellectual property, that commercial change is intentional and structural.

Taking JustHeat from prototype to market

Whilst FY25 was never going to be a period of evident revenue growth it has however been an intensive period of controlled and targeted change. We took JustHeat from a pre-sales prototype to a certified, deployable product within 6 months and put in place the fundamentals for growth.

The first half of calendar year 2025 was focused on securing the regulatory and technical foundations required to sell JustHeat at scale. During this period, Haydale obtained CE and UL certifications, enabling sales across Europe and North America.

The second half of the calendar year was dedicated to building commercial readiness: establishing supply-chain robustness and production viability, whilst strengthening margin and putting in place the partnerships required to support deployment at scale.

Alongside JustHeat, Haydale also launched a second proprietary product: a HDPlas[®] functionalised graphene Super-Efficient Heat Transfer Fluid, now in commercial trials for cooling applications, including in data centre environments. Both products are underpinned by UK and overseas patents.

By the end of FY25, JustHeat had transitioned from a development programme into a certified, deployable product with established supply chains and multiple routes to market. The remaining variable is not product readiness, but the pace and scale of commercial deployment.

Sales execution – Post-Acquisition Integration in Practice

Early JustHeat sales were not constrained by product performance or demand, but by the absence of a national delivery infrastructure aligned to institutional and compliance-driven environments. Haydale was historically structured to license technology and deliver R&D services, not to operate a scaled, installation-led sales commercial platform.

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This structural gap directly informed the acquisition of SMCC in January 2026. Without SMCC, Haydale would have required substantial additional time and capital to build equivalent national sales infrastructure and accredited installer capability. The acquisition therefore accelerates the Group's revenue realisation while materially reducing its execution risk.

SMCC provides an established commercial platform already embedded within major UK banks, utilities and corporate partners through its Impact Partner Programme. This partner-funded acquisition model generates a continuous flow of pre-qualified B2B demand at effectively zero marginal acquisition cost. Customer acquisition costs are materially reduced, sales cycles shortened, and revenue predictability enhanced.

The enlarged Group now operates through an integrated model comprising:

- **Production & Innovation:** centred in Ammanford and underpinned by our proprietary HDPlas® functionalisation capability;
- **Go-to-Market:** centred in Bury St Edmunds and delivered through SMCC's national sales, programme management and accredited installer network embedded within its Impact Partner Programme; and
- **Platform Acceleration:** ensuring disciplined governance, capital allocation and KPI-driven execution across the enlarged Group.

Since completion, JustHeat has been formally integrated into SMCC's curated product suite and is presented alongside broader energy, water and carbon efficiency solutions within partner-led programmes. The acquisition converts JustHeat from a product seeking distribution into a solution embedded within funded, compliance-driven procurement frameworks.

This integrated operating model is now translating into measurable commercial traction.

The Board is confident that the existing pipeline is now progressing through a structured, repeatable commercial model aligned to disciplined delivery and scalable execution.

A genuinely new revenue base

Group revenue for the 15-month period was £2.51m, of which £0.73m relates to continuing operations in the new Haydale business. This reflects the impact of deliberately discontinuing the non-core operations.

For JustHeat, the focus for FY25 was on proof of concept and delivery of reference installations, with the objective of building relationships with partners able to take the product to market alongside their own offerings or as the owners or

operators of larger property portfolios. This has led to formalised arrangements with:

- Interfloor, the largest European manufacturer of underlay, which has developed a flooring range compatible with JustHeat to be retailed through its existing sales channels; and
- NMC, one of Europe's largest suppliers of coving and skirting, with whom we are developing integrated JustHeat panel solutions.

The accounts largely represent paid product-development and early deployment work with JustHeat channel partners and customers. As the product standardises we expect a growing proportion of revenue to transition to product sales.

It is also notable that, of the revenue classified as continuing operations in FY25 and beyond, only one customer – Petronas, with whom our collaboration remains ongoing - represents a legacy commercial relationship. All other current revenue activity has been generated from customers, products and channels that did not exist for Haydale prior to the reset. This underpins the fact that continuing operations represent the emergence of a structurally new business model rather than a recovery of legacy activity.

Despite the strategic reduction in revenue during the reset, the Group maintained a 57% gross margin, with continuing operations delivering 63% gross margin, reflecting strong pricing and the quality of the underlying opportunity. Whilst the integration of SMCC introduces a broader mix of product and service revenue streams, the Board expects overall gross margins to remain robust. JustHeat remains a proprietary, differentiated product with strong pricing discipline, and SMCC's delivery model is designed to support scalable deployment without structurally diluting product economics. As volumes increase, the Group expects manufacturing efficiencies and procurement leverage to provide further support to margin resilience over time.

Financial discipline during the reset

The financial statements reflect a business in transition. They capture the economic cost of exiting the legacy model, including losses on disposal and impairment, alongside a cost base reset that was only fully achieved late in the period.

At the same time, the reset was executed with tight financial discipline. Working capital was released as inventories and receivables associated with discontinued operations were wound down. The balance sheet has been materially de-risked, with the elimination of overseas lease and pension liabilities and the removal of legacy goodwill and customer intangibles. Debt levels remain low and the post-period end fundraises and the conversion of the convertible loan notes have further strengthened the capital structure.

Staff

The upheaval and impact on our employees created by change of this magnitude cannot be underestimated. The executive team's ability to effect the necessary transformation during FY25 has only been possible thanks to the trust, resilience and commitment of the entire Haydale team under the leadership of the wider management group. I would like to thank them on behalf of the Board.

Momentum, milestones and outlook

The acquisition of SMCC marks the completion of Haydale's reset and the beginning of its execution phase.

The Group now combines proprietary, certified graphene-enabled products with an embedded national sales and delivery platform. This materially changes the commercial equation. JustHeat is no longer a product seeking distribution; it is a solution integrated within a partner-led sales process, with installation capability and delivery infrastructure already in place.

Since completion of the acquisition in January 2026, rapid integration has taken place and the integrated operating model described above is now translating into expanded commercial activity. JustHeat is now alongside SMCC's broader energy, water and carbon efficiency solutions as part of a unified decarbonisation offering, expanding the scope of existing commercial partnerships and increasing both the volume and quality of pipeline opportunities.

Revenue visibility has improved materially following integration, with fully contracted programmes covering the Board's H1 expectations and a qualified partner-led pipeline extending into H2 and beyond.

Importantly, multi-year programmes secured with SMCC Impact Partners and JustHeat customers underpin repeatable revenue streams extending beyond the current financial year, all contributing to what we anticipate being growing, quality earnings. This represents a structural improvement in revenue visibility and provides early evidence that the enlarged Group's commercial model is scaling as intended.

FY25 removed structural risk and rebuilt the operating model. FY26 is the first year of scaled commercial execution. The Group now operates with:

- A materially lower fixed cost base;
- Certified, commercially deployable proprietary products;
- Established national sales channels and installer capability; and
- Growing forward revenue visibility through contracted and partner-led programmes.

On this basis, and subject to normal execution and market conditions, the Board expects the enlarged Group to move to positive EBITDA within 12 months of the SMCC acquisition (Q1 FY27). Importantly, following the January 2026 fundraise, the Group is fully funded for this execution phase and does not anticipate the need for additional capital to support FY26 working capital or planned capital expenditure. Based on current forecasts and contracted revenue visibility, the Board expects existing cash resources and facilities to provide sufficient liquidity through the period to anticipated EBITDA breakeven.

The structural reset is complete. Execution is now the primary driver of value creation.

The new Haydale is structurally simpler, commercially aligned, and built to scale profitably.

Simon Turek

CEO

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