

# CFO Report and Financial Review

The Financial Review should be read in conjunction with the consolidated financial statements of the Group and the notes thereto. The consolidated financial statements are presented under UK-adopted international accounting standards and are set out on pages 33 to 65. The financial statements of the Company continue to be prepared in accordance with FRS 101 and are set out on pages 66 to 72. These results do not reflect any period of SMCC ownership by the Group and, as regards trading performance reflect the largely transitional nature of the 15 month period to 30 September 2025 as more fully described above.

## OVERVIEW

In the 15 month period under review, as more fully explained in the CEO report and following the November 2024 fund raise, the Group has undertaken significant change in its strategic direction, cost base and ongoing operations – all of which have progressively impacted the financial statements as the year has progressed. Discontinued operations reflect the divestment of all overseas entities and the consolidation of legacy Haydale UK activities into a single operational manufacturing site in Ammanford, Wales, resulting in the closure of Loughborough facility (which historically specialised in composites). Subsequent to the period end, the Group acquired SMCC, including its operational base in Bury St Edmunds. This facility supports the enlarged Group's sales, programme delivery and customer engagement activities and does not alter the consolidated UK manufacturing footprint established during the reset. As a result, we have exited the silicon carbide tooling business and focused our UK activities to concentrate on the core HDPlas® technology and our proprietary heater ink and thermal fluid based products, predominantly the JustHeat heating system range. This has been accompanied by a deep cost reduction exercise which reduced the Group's run-rate costs by 69% as at the end of the financial period, and has therefore, by necessity, meant we have had to focus and curtail non-essential activities and non-core revenue lines. Whilst the new business model is taking root, our more general functionalised graphene consultancy activities have been streamlined to service the larger opportunities with paying customers and move away from more speculative, long-term R&D type engagements. These changes are reflected in the much reduced continuing operations revenue numbers and fixed asset base set out in the balance sheet.

## STATEMENT OF COMPREHENSIVE INCOME

The Group's total revenue for the 15 month period ended 30 September 2025 was £2.51 million (FY24: £4.82 million) of which £0.73m (FY24: £0.94m) reflects continuing operations primarily related to graphene based product development services and initial JustHeat trial installations; and £1.78m (FY24: £3.9m) of discontinued operations, predominantly related to our US based silicon carbide tooling business which ceased operations in March 2025. Revenue historically derived from

product sales was primarily related to the US silicon carbide tooling business and has fallen accordingly following disposal of that entity pending JustHeat sales being delivered at volume (See note 4, Segmental Analysis).

The Group's Gross Profit from continuing activities, which excludes Other Operating Income, was £0.46 million (FY24: £0.47 million) delivering a Gross Profit margin of 63% (FY24: 50%), a 13% increase on prior year reflecting a high proportion of project work. Discontinued operations generated a £0.97 million gross margin (FY24: £2.34 million).

Other Operating Income from continuing operations, which principally related to grant funded projects, was £0.13 million (FY24: £0.23 million) reflecting the winding down of a number of these initiatives as part of the refocus of the business toward the JustHeat product range.

Adjusted administrative expenses from continuing operations across the 15 months was £3.33 million (FY24: £3.21 million) representing a 17% reduction in the monthly operational cost base on a like-for-like basis and reflecting cost savings as the turnaround plan announced in December 2024 was progressively realised, albeit due to the effect of notice periods the full impact was not achieved until towards the end of the reporting period. Adjusted administrative expenses from discontinued operations reflect the costs of the overseas businesses until exited part way through the period.

The adjusted operating loss from continuing operations was £2.74 million (FY24: £2.51 million). Total administrative expenses from continuing operations for the 15 month period were £4.02 million (FY24: £3.88 million). The loss from discontinued operations was £5.44 million (FY24: £2.78 million) which includes the loss on disposal of subsidiaries of £3.34 million and £0.29 million (FY24: £1.23 million) of impairment charges associated with the restructuring.

The loss from continuing operations was £3.43 million (FY24: £3.18 million). Finance costs from continuing operations were £0.19 million (FY24: £0.20 million).

The Group continued to direct certain resources to research and development with the focus on products and processes that could develop into sustainable and profitable revenue streams. R&D spend for the period was £1.49 million (FY24: £1.39 million) of which £0.26 million was capitalised (FY24: £0.50 million) which all related to continuing operations. During the period the Group claimed R&D tax credits of £0.21 million (FY24: £0.24 million) and it is expected that this claim will be received during the current financial year.

Total comprehensive loss from continuing operations for the 15 month period was £3.42 million (FY24: £3.13 million). Total comprehensive loss for the period was £8.57 million (FY24: £5.80 million) which in FY25 included £3.63 million of one-off charges relating to loss on disposal of subsidiaries and impairment of intangible assets (FY24: £1.23m relating to impairment of intangible assets).

The total loss per share for the period was 0.3 pence (FY24: 0.4 pence) of which the loss per share relating to continuing operations was 0.1 pence (FY24: 0.2 pence).

#### STATEMENT OF FINANCIAL POSITION AND CASHFLOWS

As a result of the restructuring activities, the balance sheet has been simplified. As at 30 September 2025 and following the divestment of the overseas entities, net assets were £1.30 million (2024: £5.68 million), including cash balances of £1.68 million (2024: £1.72 million). Inventories and trade receivables are significantly reduced due to the disposal of the US entity and realignment of the UK activities resulting in non-cash related current assets standing at £1.17 million at the year-end (2024: £3.39 million). Current liabilities driven by trade creditors also reduced accordingly to £1.25 million (2024: £2.38 million).

The Right of Use Asset relating to leased assets decreased materially to £0.24 million (FY24: £1.79 million) due to the disposal of onerous leases within the US operations, continuing run out of lease obligations and closure of the Loughborough site. The Lease Liability, which is split between Current and Non-Current Liabilities, correspondingly decreased to £0.25 million (FY24: £2.01 million). The Company will amortise these balances over the remaining life of the leases.

The Group's US defined benefit Pension Obligations also fell away following disposal of the US business (FY24: £0.30 million).

Net cash outflow from operating activities after taking account of working capital movements for the period increased to £4.60 million (FY24: £3.36 million) reflecting the underlying Loss after Taxation after adjustment for non-cash items. The Group received an R&D tax credit inflow of £0.25 million in the period (FY24: £0.40 million). Net cash used in operating activities for the 15 month period increased to £4.35 million (FY24 £2.96 million).

Capital expenditure in the period, excluding the IFRS 16 adjustments, was £0.04 million (FY24: £0.02 million) reflecting a small investment in upgrading the manufacturing facility in Ammanford to support the scaling up of heater ink production.

#### CAPITAL STRUCTURE AND FUNDING

The post period end equity raises and conversion of convertible loan notes have further strengthened the Group's balance sheet. The Group's total borrowings at the period-end were £1.81 million (FY24: £1.41 million), of which £1.26 million relates to a loan from

UKRI to support the commercialisation of the functionalisation technology and the balance of £0.55m (2024: £nil) relates to a five year convertible loan note assumed as part of the November 2024 fund raise as noted above and which was fully converted post period end. The UKRI Innovation loan has a quarterly liquidity covenant with which the Group has been in full compliance through the reporting period. There are no financial covenants extant in respect of the UK bounceback loan of £0.01 million (FY24: £0.02 million).

The Group has taken advantage of the Company's rising share price to raise funds at progressively higher prices as the restructuring progressed:

- 14 November 2024: the Company raised £3.1 million (gross) through a £2.6m placing, retail offer and subscription of 1,960,633,907 new Ordinary Shares at 0.1326 pence per share and the issue of a £500,000 convertible loan note with a 10% coupon and 5 year tenor (which was converted into equity post period end).
- 13 March 2025: the Company raised £0.13 million (gross) through a £0.13m subscription of 89,849,106 new Ordinary Shares at 0.1458 pence per share.
- 26 June 2025: the Company raised £2.13 million (gross) through a placing and subscription of 474,010,883 new Ordinary Shares at 0.45 pence per share.

No options were exercised into ordinary shares during the year (FY24: nil). Consequently, at 30 September 2025 the Company had 4,322,955,947 ordinary shares in issue (2024: 1,798,462,051). As part of the November 2024 fund raise, the Company's share capital was restructured to in effect reduce the nominal value of each ordinary share from 0.1 pence to 0.01 pence.

Post year end, on 18 December 2025 the Company issued 417,883,894 shares in settlement of the Convertible Loan Note at a contractual issue price of 0.1326 pence per share. On 7 January 2026, the Company raised £5.75m (gross) through a placing, retail offer and subscription of 1,150,000,000 new Ordinary Shares at 0.5 pence per share. On 8 January 2026, the Company completed its acquisition of SMCC by the issue of 1,860,465,116 new Ordinary shares. A further 992,248,061 shares may be issued to the shareholders of SMCC if certain share price based performance targets are met.

As we said in December 2025 in conjunction with the SMCC acquisition and accompanying fundraise, the Board is aware that the number of Ordinary Shares in issue and resulting share price is unmanageable and therefore anticipates that it will in due course put proposals to Shareholders for a share consolidation with a view of creating a more manageable number of issued Ordinary Shares and a higher share price.

# CFO Report and Financial Review (continued)

## KEY PERFORMANCE INDICATORS

The Group has historically reported financial metrics of revenues, gross profit margin, adjusted operating loss, cash position and borrowings as its key performance indicators and these are set out below.

	<i>FY25 (£m)</i>	<i>FY24 (£m)</i>
Revenue	2.51	4.82
Gross profit margin	57%	58%
Adjusted operating loss	(4.02)	(3.16)
Cash position	1.68	1.72
Borrowings	1.82	1.41

During the period under review, management also used a UK sales tracker as a non-financial performance metric to monitor the revenue pipeline of the business. The sales tracker monitors the number of accredited leads and assigns a probability of revenue realisation to those leads.

## RESTRUCTURED FOR GROWTH

The restructuring undertaken during the period was executed with a strong emphasis on capital discipline. Whilst the Group reported a significant loss for the period, this was to an extent driven by non-cash items associated with the disposal of discontinued operations and impairment of legacy assets. It also does not reflect the full year impact of the cost savings programme. The Group exited the period with a focused product orientated business model, a significantly simplified and de-risked balance sheet, a lower capital intensity operating model, and a cash position that supports the next phase of execution.

**Patrick Carter**

CFO

16 February 2026