

Chair's Corporate Governance Statement

Overview

As Chair of the Board of Directors of the Group, it is my responsibility to ensure that Haydale has both sound corporate governance and an effective Board. Haydale adopts the Quoted Companies Alliance Corporate Governance Code (2023) ("QCA Code") and this report follows its structure and explains how we have applied it. The principal methods of communicating our application of the QCA Code are this Annual Report and through our website at www.haydale.com.

Below are the Company's explanations of how it has complied with the 10 principles of the QCA Code during the period to 30 September 2025.

QCA principles

1. *Establish a strategy and business model which promotes long-term value for shareholders*

The Group's purpose, business model and strategy, together with the principal risks and uncertainties facing the Group, are set out in the Strategic Report on pages 9 to 11 of this Annual Report. The directors intend that the strategy will deliver medium and long-term shareholder returns initially through capital appreciation and eventually through distributions via dividends. The Group's values and culture underpin its approach to growth and are addressed in Principle 2.

2. *Promote a corporate culture that is based on ethical values and behaviours*

The Board recognises that its decisions will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave.

The Company strives towards a shared culture that supports an open and respectful dialogue with employees, clients and other stakeholders, and is underpinned by sound ethical values and behaviours. The events during the first six months of the period and arrival of new management has led to a culture of increased commercial focus, disciplined execution and cost awareness, together with clear and relevant communication and collaboration across the Company (see also Principle 4). During the period the management team reviewed the Company's values and these were discussed by the Board. The Company's culture is reinforced at regular team meetings and performance reviews which, amongst other areas, cover sales, marketing, technical, quality and health and safety matters. Employees and non-executive directors are required to undertake training in matters relevant to the Company's culture. The Board monitors the corporate culture through reports from the CEO and the Company's Head of People and Culture (see also the explanations regarding Principle 4 below) and an employee values survey was conducted during the period.

The Company has implemented a quality system based on the rigorous standards of BS EN ISO 9001 and 14001 and adherence to this quality system is mandatory throughout the Company. All employees are encouraged to take responsibility for the quality of their own workmanship and to work with their colleagues towards maintaining our ISO standards.

To ensure we meet the high standards and culture that we set ourselves employees are formally appraised each year and clear personal objectives are set out within personal development plans. Individual training needs are defined by these reviews and this training is combined with wider department and group training initiatives. New employees receive an induction and there is a comprehensive employee handbook setting out Company policies and procedures and other helpful information and guidance.

The Board attaches great importance to the health and safety of its employees and stakeholders who handle or use the Group's products. Health and safety is a standing item on the Board's agenda, with reports reviewed by the Board at each scheduled board meeting. The Company's Health and Safety policy and site plans are enforced rigorously.

3. *Seek to understand and meet shareholder needs and expectations*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders.

The directors meet shareholders and other investors or potential investors during the year, especially following the announcement of the Annual and Interim Results. The Company also presents to broker and analyst. The website provides contact details for investor relations enquiries and in support of the CEO, Simon Turek, Gareth Kaminski-Cook is the director appointed as the main point of contact for shareholder liaison.

The Company intends to have close ongoing relationships with its larger private shareholders, institutional shareholders and analysts and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company. The Company receives quarterly share register analysis reports from Argus Vickers to facilitate management of these relationships. When possible, the whole Board attends the Company's Annual General Meeting ("AGM"), which is regarded as an opportunity to meet, listen and present to shareholders, all of whom are encouraged to attend. The Company held its 2024 AGM on 30 December 2024 ("2024 AGM"). As with recent AGMs, provision was made to allow those shareholders who were unable to attend the AGM to ask questions of the directors by email as well as submit their votes in advance by proxy. The outcomes of each of the AGM votes are announced following the meeting. If there is a resolution passed at a general meeting with a significant number of votes against, the Board engages with the relevant shareholders, where possible, to understand the reason for the result and, where appropriate, takes suitable action.

Topics discussed with shareholders during shareholder engagement activities in the year included presentation of the new commercial focused strategy and explanation of all cost reductions, description of the composition of the Board and their collective skills, presentation of the JustHeat product and the rationale to launch such a product versus established competitor alternatives, funding requirements and shareholder appetite to support fund raising and level of support for the growth strategy. Feedback from these meetings are usually fed back to the whole Board for consideration and discussion and subsequently influenced.

With effect from completion of the fund raise in November 2024 the Company and strategic investor Quidos Technologies Ltd ("Quidos") entered into a Relationship Agreement which was subsequently updated following the acquisition of SMCC in January 2026. In particular, for so long as Quidos continues to hold Ordinary Shares representing in excess of 7.5 per cent of the issued share capital of the Company: Quidos has the right to nominate and appoint a director of the Board; and will 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. Simon Turek was appointed to the board in November 2024 as Quidos' representative.

The Company does not as yet publish quantitative and qualitative reports on the company's environmental and social matters and investors have not as yet expressed expectations of such reports (see also Principle 4).

Cavendish as the Company's broker and nominated advisor regularly briefed and kept the Company apprised of market and regulatory developments as they affect the Company and feedback from shareholders and potential investors. Investor feedback is communicated via the brokers to the Board.

4. *Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success*

The Board is mindful of its statutory duty under s.172 of the Companies Act and the directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its shareholders as a whole, and in doing so, had regard amongst other matters to the:

- foreseeable or likely consequences of any decision in the long term;
- interests of the Company's employees at each of its five facilities;
- need to foster the Company's business relationships with suppliers, customers and other stakeholders;
- impact of the Company's operations on the community and the environment;
- importance of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Board recognises the Company is reliant upon the efforts of the employees of the Company and other stakeholders whether they are identified under s.172 or not. The Board ensures that there is close oversight and contact with its key resources and relationships by various means. The Company's stakeholders include employees, customers, collaboration partners and distributors, suppliers, including producers of graphene and suppliers of other constituents and components of our products and equipment, R&D facilities (including universities and academic institutions) and influential movers within the advanced materials industry who may positively influence perception of the Company. The following paragraphs set out how we engage with our stakeholders.

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Everyone within the Group is a valued member of the team, and we seek to help employees achieve their full potential. The Company aims to create a culture that encourages and values diversity and that appoints, rewards, and promotes staff based on merit. We are committed to providing equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation. Health and safety remains a priority, and appropriate protocols are maintained at our sites. The Company is still of a size where the executive directors know all of the team and employees are aware that they are able to contact the senior leadership directly to ask questions on any topic that concerns them. The Company also holds regular all staff forums to allow views and suggestions to be aired.

The Group has continued to invest in staff training to ensure that employees have the skills to meet their responsibilities as part of a modern international operation including specific focus on health and safety related training. The Company's Employee Handbook includes a whistleblowing policy (See Audit Committee Report on page 27).

The Company prepares a detailed budget annually which takes into account the Group's strategy and its available key resources including staffing, working capital, production capacity and functionalisation capabilities. In-depth analysis and reviews inform the development of the Company's annual budget. Subsequently, the ongoing review of performance against the budget facilitates an on-going dialogue on the goals, targets and aspirations of the Company. This two-way communication provides the opportunity to raise issues and provide feedback to the Board via the executive members. These feedback processes seek to ensure that the Company can respond to new issues and opportunities that arise to further the success of the Group.

The Company has close on-going relationships with a broad range of its other stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company. This feedback is generally but not exclusively received through formal performance reviews (employees) and meetings held in the ordinary course of business with external stakeholders. Feedback received is reviewed and appropriate actions taken. The Company communicates with its stakeholders and takes account of their feedback with a view to develop products that meet the needs of customers and that may potentially be supplied reliably, cost effectively and in line with applicable standards.

The Group promotes, wherever possible, an environmentally sound policy in all of its work, but always takes into account the considerable pressures of budget, commercial constraints and client requirements. Its Environmental Policy is set out in the Employee Handbook and the organisation has implemented an environmental management system, which complies with the requirements of BS EN ISO 14001. Haydale's proprietary HDPlas® process that sits behind all of our innovation is a world leading green technology that removes the needs for harmful surfactants and effluent streams in the functionalisation of advanced materials. The Company's purpose includes focusing on developing and deploying energy- and water-efficient solutions at scale.

Given the Company's early stage of development and limited resources, and its recent strategic changes and focus on turning the business around and the stringent cost control required to achieve this, it has yet to conduct a review of the environmental and social issues relevant to its purpose, strategy and business model and does not yet track any KPIs relevant to these. The Board is mindful to address this at the earliest practical opportunity.

5. *Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation*

The Board supported by the Audit Committee oversees and reviews the Group's risk management and internal control mechanisms. Risk is discussed at board meetings as part of its business planning discussions.

The Company has established reporting and control mechanisms. The system of internal control is structured around the risks set out in the risk register and is designed to address those risks that are considered to be material. Key features of how the Company has embedded effective risk management and internal control and assurance systems in order to execute and deliver on the corporate purpose and strategy include the following:

- Close management of the business by the executive directors;
- Monthly management accounts information is prepared and reviewed by the Board, including variances against the annual budget, latest expectations, market guidance issued by the Company's brokers and prior year;
- Risk is considered as part of the management team's development of strategic plans and board decisions. Staff are encouraged to communicate any risks they identify to management.

- A risk register is maintained and reviewed regularly
- There is a schedule of matters reserved for decision by the Board;
- A clearly defined organisational structure was in place during the year, with clearly delegated authorities, reporting lines and roles;
- Defined levels/limits for authorisation of expenditure and placing of orders and clearly set out authorisation procedures; and
- Quality management systems are implemented and regularly audited by an independent third party. The operations are ISO 9001:2015 and ISO 14001:2015 certified.

The Company's risk register sets out the identified risks and the key actions, controls and processes to mitigate those risks and the individual or group responsible for ensuring that these are performed. The register underwent substantial revision shortly before the period-end, to reflect the Company's changes to strategy and disposal of overseas subsidiaries following the November 2024 fund raise and board changes.

The risk register review process is led by the Chief Financial Officer and involves the review of risks identified by employees, management, the audit committee and board, their assessment to determine the relative likelihood of them impacting the business and the potential severity of the impact and determination of what needs to be done to minimise their likelihood and/or mitigate their impact.

The principal risks and uncertainties to the business and steps to mitigate them are set out in the Strategic Report in this Annual Report on pages 10 to 11.

The Audit Committee Report on page 27 sets out how the Audit Committee monitors and formally considers auditor independence.

6. Establish and maintain the Board as a well-functioning, balanced team led by the Chair

The Board underwent significant change during the year upon completion of the fundraising in November 2024, with David Banks and Keith Broadbent leaving the board at that time, Simon Turek joining the board as a non-executive director initially representing strategic investor Quidos Technologies Ltd (see also Principle 3) and Gareth Kaminski-Cook being appointed interim Executive Chair, until 1 January 2025, when Mr Turek was appointed CEO having led the business review and design of the new strategy. Subsequently in April 2025, Jeremy Nesbitt, a director of Quidos Ltd, joined the board as a non-executive director,

The directors who served during the year are set out below:

Executives:

- Chief Executive Officer: Simon Turek (appointed 1 January 2025 as CEO)
Keith Broadbent (resigned 13 November 2024)
- Chief Financial Officer: Patrick Carter;

Non-executives:

- Non-executive Chair: Gareth Kaminski-Cook*;
- Non-executive: Theresa Wallis*;
- Non-executive: Jeremy Nesbitt (appointed 23 April 2025); and
- Non-Executive Chair: David Banks* (resigned 13 November 2025)

* - Independent

In summary, at the period-end and at the time of publication of this report the Board comprised two executive directors and three non-executive directors, two of whom are independent. As stated in the Remuneration Report on page 24, the non-executive directors were awarded warrants in lieu of accrued non-executive director fees between 1 April and 31 December 2025 and for additional work undertaken in respect of the acquisition and fundraising. The intention to do this conditional on completion of the proposals was set out in the circular to shareholders dated 15 December 2025.

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The Company believes that between them the directors have an appropriate breadth and depth of skills, knowledge and experience to fulfil their roles, reflecting a broad range of personal, commercial and professional skills across relevant sectors and geographies and experience of public markets. Information regarding the current directors' experience and areas of expertise and relevant skills that each director brings to the Board are outlined on page 15 of this Annual Report and on the Company's website at www.haydale.com.

All the non-executive directors are expected to devote such time as is necessary for the proper performance of their duties regarding the Company, at least 24 days per annum. The executive directors are full time.

Senior management may also be invited to meet with the Board, providing further insights into the Company's activities and performance. Regular board meetings are scheduled in advance, but the Board also meets as and when required. In order to be efficient, the directors meet formally and informally in person, by video conferencing or telephone. Board papers are prepared by the relevant personnel and where feasible circulated to the Board at least 48 hours before meetings, allowing time for consideration before the meetings.

The non-executive directors speak with each other by phone or meet online or in person without the presence of the executive directors during the year, and also maintain ongoing communications with executives between Board meetings.

During the period ended 30 September 2025, the Company held 51 board meetings (FY24: 28), with each member's attendance as follows:

Director	Number of board meetings attended			
	Scheduled FY25	Ad hoc FY25	Total FY25	Total FY24
Gareth Kaminski-Cook	10/10	41/41	51/51	8/8
Simon Turek	8/8	25/25	33/33	–
Theresa Wallis	10/10	40/41	50/51	27/28
Patrick Carter	10/10	41/41	51/51	26/28
Jeremy Nesbitt	4/4	7/10	11/14	–
David Banks	2/2	14/15	16/17	28/28
Keith Broadbent	2/2	9/15	11/17	27/28
Graham Eves	–	–	–	17/19

The Board delegates certain duties and, where applicable, authority, to an audit, remuneration and nomination Committees. During the earlier part of the year the Committees comprised independent non-executive directors only, and from November 2024 a majority of independent non-executive directors, and met independently of Board meetings.

Terms of reference for each of the Board's Committees are published on the Group's website (<https://www.haydale-ir.com/corporate/corporate-governance>). The Company believes that the Committees have the necessary skills and knowledge to discharge their duties effectively. Attendance at the Company's audit, remuneration and nomination committee meetings during FY25 and the prior year was as follows:

Committee member	Number of committee meetings attended					
	Audit		Remuneration		Nomination	
	FY25	FY24	FY25	FY24	FY25	FY24
Gareth Kaminski-Cook	3/3	1/2	1/1	1/3	1/1	–
Theresa Wallis	3/3	3/3	1/1	8/8	1/1	3/3
Simon Turek	1/1	–	–	–	–	–
Jeremy Nesbitt	1/1	–	1/1	–	–	–
David Banks	–	3/3	–	8/8	–	3/3
Graham Eves	–	1/1	–	6/6	–	3/3

Details of the Remuneration Committee and Audit Committee are set out in their separate reports on pages 24 to 26 and page 27 respectively.

The Nomination Committee has responsibility for evaluating the structure, size and composition of the Board in order to ensure a suitable balance of experience, knowledge, skills and independence and diversity, as well as for recommending to the Board the appointment of executive and non-executive directors.

At the period-end and currently, the Nomination Committee had three members, Gareth Kaminski-Cook (Chair), Jeremy Nesbitt (from April 2025) and Theresa Wallis. David Banks chaired the Committee until his resignation from the board in November 2024. Simon Turek was a member of the Committee from his appointment to the board in November 2024 until his transition to CEO on 1 January 2025.

The process for board appointments includes preparing a job description, person specification and remuneration benchmarking that is reviewed by the Nomination Committee, having identified the skills and experience that are required. Members of the Committee interview candidates, who also meet relevant executives. Searches are conducted either through search firms or through the Company's network and references or recommendations are obtained.

The Committee met once during the period in relation to the appointment of Simon Turek as Chief Executive Officer and Jeremy Nesbitt as a non-executive director. The Committee considered the skills and experience of the existing board members and those that were required and a description of the role and capabilities was prepared and reviewed.

As with many small companies, due to financial constraints and limited human resources, internal opportunities for succession to Board director roles are more limited.

Given the strategic change of direction over the past year and the recent fund raise, acquisition of SMCC and shareholders' general meeting last month, together with the existence of shareholder agreements that include director appointment rights, the Board has determined that it would be inappropriate for all directors to submit themselves for re-election at this time and the Company will follow its previous practice of annually re-election a third of the Board as a minimum, with a maximum of three year for individual Directors, and with all new Directors in the year put forward for re-election.

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7. *Maintain appropriate governance structures and ensure that between them the directors have the necessary up-to-date experience, skills and capabilities*

The Chair is responsible for the leadership and effectiveness of the Board in all aspects of its role. He is also responsible for creating the right Board dynamic and for ensuring that all important matters receive adequate time and attention at Board meetings. He is also the director appointed as the main point of contact for shareholder liaison. The CEO is responsible for the day-to-day running of the business as well as developing corporate strategy.

The non-executive directors' responsibilities include constructively challenging the recommendations of executive management and monitoring performance.

The Board has adopted appropriate delegations of authority which sets out matters which are reserved to the Board as summarised below:

- The Group's strategy and vision;
- Determining management's performance;
- Board membership and membership of subsidiary boards;
- Approval of major capital expenditure;
- Financial reporting, risk management and internal controls;
- Material contracts, including potential acquisitions multi-year commercial contracts or investments in new projects or products;
- Corporate governance;
- Approval of annual budgets;
- Approval of annual and interim reports;
- Approval of changes in equity or debt funding; and
- Dividend recommendations and policy.

The Board delegates certain duties and, where applicable, authority, to the Audit Committee, Remuneration Committee and Nomination Committee. (See Principle 6).

Most regular board meetings take place at the Company's Ammanford headquarters, enabling non-executive directors to meet non-board employees. The Company develops non-executive directors' knowledge of the business by taking them around the production facilities from time to time and directing them to information about its products and the sector. All non-executive directors are required to complete online training courses relating to key company policies, including cyber-security.

If required, the directors are entitled to take independent professional advice at the Company's expense in accordance with the relevant Board agreed procedure.

Directors access briefings, updates and events offered by a number of professional advisory firms and bodies.

8. *Evaluate board performance based on clear and relevant objectives, seeking continuous improvement*

The Chair performs a continuous assessment of the individual and collective performance of the Board in an informal and collegiate way through dialogue and meetings. No formal evaluation was undertaken in the period. The Chair will consider undertaking a formal evaluation of the board towards the end of 2026 once the integration of SMCC into the Group has been completed. The last formal board evaluation took place in FY2022 and FY2023 and is described in the annual reports for those years. Due to cost and time constraints given the Company's small size and developments since November 2024, no externally facilitated review has yet been performed and there are no plans to do so.

Making recommendations relating to board succession planning is one of the responsibilities of the Nomination Committee. Below the main Board, the CEO seeks board approval for his recommendations on changes to the directors of subsidiary companies and senior management.

9. *Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose, strategy and culture.*

The remit of the Remuneration Committee is primarily to ensure that the Company's executive directors are provided with appropriate remuneration packages. More information about this committee is provided in the Remuneration Committee's Report, which includes the Remuneration Policy, and is set out on pages 24 to 26.

10. *Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders*

As stated in relation to Principle 3, the Board is committed to maintaining effective communication and having constructive dialogue with its shareholders. We communicate through our Interim and Annual Reports along with Regulatory News Service announcements. We also use the Company's website for both financial and general news relevant to shareholders. The Company's AGM results are available to view on the Company's website and all resolutions tabled at the Company's 2024 AGM were passed. The Executive team often host prospective and existing shareholders at the Ammanford site.

All historical annual reports, investor presentations and other governance-related materials, including notices of all general meetings for at least the last five years are available on the Company's website.

Communication with key stakeholders is addressed at Principle 4.

Chris Shaw (private investor) and Nicholas Pritchard (strategic investor) have attended board meetings as observers since March and July 2025 respectively.

The Company keeps in mind the proportions of direct, nominee and institutional shareholders, and distributes communications accordingly.

Investors also have access to the latest information about the Group which is set out on the Company's website at www.haydale.com. The Company uses electronic communications with shareholders, where possible, to maximise efficiency.

By order of the Board

Gareth Kaminski-Cook

Chair

16 February 2026