

Strategic Report

The directors present their Strategic Report for the period ended 30 September 2025.

STRATEGIC PURPOSE

Haydale plc is a global advanced materials and clean-technology company focused on developing and deploying energy- and water-efficient solutions at scale.

The completion of the acquisition of SMCC marks a step-change in Haydale's evolution, accelerating our transition from an advanced materials innovator into a commercially scalable, graphene-enabled clean-tech platform with immediate market access. Over the past year, we have fundamentally reshaped the Company into a focused, execution-led business, with proprietary graphene-enabled technologies now ready to scale.

By combining Haydale's advanced materials capability and JustHeat technology with SMCC's nationwide market-access engine and delivery infrastructure, we have created a scalable clean-tech platform designed to develop and deploy energy- and water-efficiency solutions rapidly, reliably, and at scale. The Group's strategy is now focused on scalable, compliance-driven markets where regulatory change and cost pressures are accelerating adoption.

The enlarged Group is uniquely positioned to help organisations cut energy and water costs while materially reducing carbon emissions.

PRINCIPAL ACTIVITIES

Following the restructuring (but pre-SMCC acquisition), Haydale had two principal activities:

- The development, manufacture and sale of its JustHeat™ range of heating products and super efficient thermal transfer fluids utilising its proprietary HDPlas® plasma functionalised graphene; and
- The plasma functionalisation of nanomaterials for selective third party applications through its patented HDPlas® process;

These activities are explained in more detail in the CEO's report on pages 3 to 5 above. All activities are based in the UK.

At 30 September 2025, the Group had the following operational activities across its single operational facility based in Ammanford, Wales.

<i>Haydale subsidiary</i>	<i>Location</i>	<i>Principal activities</i>
Haydale Technologies Ltd	Ammanford, Wales	Specialist plasma functionalisation and manufacturing facility producing inks, resins, fluids and masterbatches to be used in products principally retailed under the JustHeat brand.
Haydale Composite Solutions Limited	Ammanford, Wales	Provision of grant funded advanced materials consultancy services.

BUSINESS MODEL

The Group's business model (pre-SMCC acquisition) is based on the following revenue strands:

- Sale of JustHeat underfloor heating mats utilising Haydale's proprietary plasma functionalised graphene heater ink through a third party distributor model;
- Sale of products based on Haydale's proprietary plasma functionalised graphene heater ink that can be sold under the JustHeat brand with development funded by third party partners;
- Lease of bespoke plasma reactors with appropriate licencing for use of the patented HDPlas® functionalisation process for specific applications; and
- Support provided to third parties clients to enable the above activities.

Strategic Report *(continued)*

The Company aims to grow organically and, if necessary, by acquisition, to extend the Group's customer base and geographical penetration and use its existing expertise and leverage its partner base to generate commercial opportunities in the sustainable, energy efficient heating solutions market.

SECTION 172(1) STATEMENT

The Directors acknowledge their duty under s.172 of the Companies Act 2006 ("s.172") and consider that they have both individually and together acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the matters set out in s.172.

The Directors have set out the ways in which they look to fulfil their duties in the year in section 4 of the Chair's Corporate Governance Statement on page 17.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board considers that the principal risks and uncertainties facing the Group (prior to the recent acquisition of the SMCC business) may be summarised as follows:

Failure to hit sales targets

While the Group is making every effort to establish distribution channels for its JustHeat and other products, these are disruptive technologies which, notwithstanding compelling reasons for adoption may take some time to become established in the market. As new products, there may also be unforeseen issues that need to be managed as feedback is received from early adopters. Sales for newly introduced product lines at this early period of market adoption are therefore difficult to forecast. The Group mitigates this risk through securing distributors and introducers with targeted sector or client contacts, pursuing strategic partnerships and establishing its own sales and installation capability and network. The focus on commercial product quality, sales and reputation are absolute priorities.

Scaling to meet demand

Whilst the Group has put measures in place to try and ensure it has the capacity to meet the JustHeat demand as its pipeline of opportunities are converted, there remains a risk that sales are secured for orders that cannot be met on a timely basis due principally to constraints in or issues with the Group's supply chain. The Company looks to mitigate that risk by holding finished goods in stock, maintaining good relationships with both its customers and supply chain and putting in place fallback manufacturing arrangements where possible.

The Company is also reliant on its supply chain to ensure that as demand grows, the product quality is maintained and continues to meet any regulatory requirements in the territories in which it is sold. The Company is continuing to spend significant time and resource within its own manufacturing facilities as well as investing in our critical supply chain to ensure that demand can be properly managed without loss of quality. The Company also

maintains rigorous quality controls, both on raw materials and finished products.

Cost of goods remains higher than target

There is a risk that cost of goods remain higher than target resulting in lower gross margin, putting at risk the goal of achieving profitability and cash self-sufficiency. To mitigate this, a cost optimisation programme with clear owners and deadlines focusing on key elements of production including silver ink usage (where there has been significant price volatility) is being implemented.

Critical mechanical failure

Whilst the Group is able to put in place secondary sourcing for the raw materials and manufacturing, the production of the proprietary heater ink that underpins the JustHeat product cannot currently be outsourced due to both the HDPlas® technology which is unique to Haydale and formulations that are treated as know-how. Mitigations have been put in place, as part of a disaster recovery plan, to ensure that there is sufficient stock of the graphene, plasma functionalised to meet the heater ink specification, stored in a separate location as to give sufficient time to bring on line alternative production facilities were there to be a mechanical failure or critical event at Haydale's own manufacturing facilities.

Information and Communications Technology ("ICT")

The inability to access data for a period of time either due to systems failures or the unauthorised intervention of malicious parties may severely impact the Group's ability to conduct its day-to-day business, lead to the loss of sensitive information or result in loss of funds in a ransomware attack. The Group aims to mitigate these threats by maintaining a third-party ICT support agreement with a respected contractor, ensuring industry standard cyber security procedures are followed, setting out clear internal procedures for communicating potential ICT breaches and by providing adequate staff training on the cyber security risk that all users face. In the event that these procedures are inadequate the Group maintains a business continuity plan with our service provider that covers longer term denial of access.

Dependence on key personnel

The Group's business, development and prospects are dependent upon the continued services and performance of its executive Directors and other key individuals with core skills and knowledge. The experience of the Group's personnel helps provide the Group with a competitive advantage. The Directors believe that the loss of services of any existing key executives or team members, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Group. The Group aims to mitigate this risk by providing well-structured and competitive reward and benefit packages that allow it to attract and retain key employees.

Health and Safety

Many of the Group's products are advanced materials that are nano in size and, although there is little actual evidence of any health risks associated with the handling of the Group's products, there is a theoretical risk that the Group's products could be a danger to health if an individual is exposed to and/or inhales/ingests some of the Group's products. The Group takes health and safety very seriously and manages the potential health and safety risk by regular staff training, well maintained facilities and restricting activities to only certain qualified individuals. The UK facilities are ISO 9001 and ISO 14001 accredited. Furthermore, the Company takes mental health of all staff very seriously, with all staff have access to several external and internal support programmes, which includes access to an employee assistance programme which provides staff with an anonymous support line. A detailed health and safety report is provided to the Board each month and is a standing agenda item at scheduled Board meetings.

By order of the Board

Gareth Kaminski-Cook

Chair

16 February 2026