FINAL RESULTS

HAYDALE GRAPHENE INDUSTRIES PLC

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Haydale Graphene Industries plc

('Haydale', the 'Company', or the 'Group')

Final Results

Haydale (AIM: HAYD), the global advanced materials group, is pleased to announce its full year results for the year ended 30 June 2024 ("FY24").

Operational Highlights:

Continued progress with major partners utilising Haydale's nanomaterial plasma functionalisation technology:

- Saint Gobain are now taking a Haydale plasma functionalised boron nitride product to market under the brand Adaptiflex^{TM};
- Underfloor heating application is now being trialled through a number of commercial partners who can provide channels to market in both the new build and retrofit housing market;
- Next stages of water heater projects commissioned by Cadent to progress towards a market ready product;
- Work with Petronas continuing with positive progress across a number of project initiatives that could ultimately lead to significant volume contracts

US operations continued to progress with its diversification into advanced cutting tool manufacture and distribution:

- Sales infrastructure strengthened in both the US through manufacture represeting networks and overseas with strategic white labelling partnerships in both Europe and China;
- Development of a one-stop-shop offering to customers through sourcing of other complementary tooling to supplement the core Silicon Carbide offering;
- Whilst the Company has developed a sizeable pipeline of opportunities which are starting to come through, the timescales to convert tooling opportunities into sales is continuing to take longer than originally anticipated.

Post year end and following the securing of an additional £3.1m of funding, a significantly reconstituted Board has embarked on 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. A key objective is to bring forwards the Group's break-even point compared to the current plan.

Financial Highlights

- Revenue at £4.82 million (FY23: £4.30 million) up by 12% on prior year underpinned predominantly by a 75% growth in UK revenues.
- Adjusted administrative expenses increased marginally by 1.4% to £6.35 million (FY23: £6.26 million).
- Adjusted operating loss improved slightly by £0.33 million to £3.16 million (FY23: £3.49 million).
- £3.1 million fundraising completed post period end.

Commenting on the results Gareth Kaminski-Cook, Executive Chair of Haydale, said:

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

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) 596 / 2014 WHICH FORMS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("MAR").

Notes to Editors

Haydale is an international technologies group and service provider that facilitates the integration of graphene and other nanomaterials into the next generation of industrial materials and commercial technologies. With expertise in graphene, other nanomaterials and Silicon Carbide, Haydale is able to deliver improvements in electrical, thermal and mechanical properties, Haydale has been granted patents for its technologies in Europe, USA, Australia, Japan and China and operates from five sites in the UK, USA and the Far East. For more information please visit: www.haydale.com or X: @haydalegraphene

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, *uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Subject to any continuing obligations under applicable law or any relevant AIM Rule requirements, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.*

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, depreciation and amortisation charges of £1.51 million and an impairment of US intangible assets of £1.23m. 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 fundraise as a catalyst for change. As noted above and in line with our commitment in the fundraise 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

STRATEGIC REPORT

FY24 has seen the UK operations, primarily focused on nanomaterials, increase its revenues by 75% on the back of a growing customer portfolio interested in its nanomaterial functionalisation services with material progress also made in the commercialisation of products based particularly on the Group's heating and cooling related IP. Of particular note, the Group is now engaged in collaborations with an increasing number of large multinational entities, all of which have the potential to lead to significant longer-term revenues. US operations, focused on advanced cutting tools, were strongly underpinned by SiC powder sales whilst the roll-out of the fundamental infrastructure to deliver the planned growth in SiC tooling manufacture and distribution continued apace, albeit the forecast growth in tooling sales has taken longer to manifest than expected. Across the Group, turnover increased by 12%: the third year in a row for growth whilst maintaining a gross margin in excess of 50%.

Nanomaterials

The UK operations continued to make significant progress over the year in progressing commercialisation of its proprietary technology resulting in a 75% increase in UK revenues overall, driven by a 190% growth in UK service type revenues. A number of new commercial programmes have been signed with larger, blue chip profile customers over the last half of FY24 and first quarter of FY25 for functionalisation services that have the potential to lead on to significant volume sales subject to product enhancement targets being achieved.

Patented Plasma Functionalisation Technology

At the core of all our product offerings and underpinning the Group's future nanomaterial prospects, is Haydale's patented HDPlas® plasma functionalisation process which improves the dispersibility of many nanomaterials by changing their surface chemistry using a highly tuneable, repeatable process. Plasma functionalisation allows Haydale to tailor advanced materials to enhance the properties of its customers' products to achieve pre-agreed mechanical or conductive performance criteria. The process is cost effective and environmentally friendly. Specifically, we have the expertise to:

- functionalise nanomaterials that are blended with resins, composites and fluids to deliver enhanced electrical, mechanical (strength) and thermal performance;
- formulate proprietary nanomaterial-based inks for the print and sensor markets, including biomedical, RFID and piezo resistive inks and sensors; and
- compound functionalised nanomaterials into a range of elastomers to enable customers to use nanomaterials in elastomeric products.

The Group safeguards its nanomaterials business across its sites and the territories in which it operates through the use of patents and trade secret protocols which protect its intellectual property. It holds licences where that intellectual property is for operational reasons with a third party. Haydale currently has a portfolio of patents that are variously recognised in the following territories - US, UK, Europe, China, Japan and Australia. Haydale works closely with its patent advisors, Mewburn Ellis LLP, and maintains a rolling programme of patent applications.

Plasma Functionalisation as a Service

We continue to secure commercial contracts with third party companies to plasma functionalise nanomaterial powders sourced by ourselves or provided by the customer which can then be delivered as powders, inks, masterbatches or pre-preg formats to meet the client's production requirements. These engagements normally start out as paid for consultancy projects where we are given performance targets that the functionalised material needs to meet and we work with the customer in an iterative fashion to fine-tune the various production related levers until the output targets are met or exceeded. The aim is to secure long term supply agreements for the toll manufacturing of the final plasma functionalised products, and for the larger customers, to lease reactors that can be deployed lineside and receive a throughput based royalty.

Customers include graphene manufacturers, who through the HDPlas® process, are able, post production, to extend the range of applications for which their product is suitable. We also have customers who have an end use materials improvement focus and require Haydale to source the best nanomaterial for the application. One major development during FY24 is the higher profile and larger size of customers we are now seeing approach us for this service as the use of graphene is filtering into the market at increasing pace (one study estimates that the graphene market is set to grow from £570m in FY24 to £5.2bn by 2032, a CAGR of 31.8%). These customers interactions mean we are indirectly involved in some of the largest growing sectors of the nanomaterial market including batteries, concrete, composites and tyres. Examples include:

- ***Saint Gobain***, the French industrial conglomerate***,*** have worked with us since April 2023 to develop their boron nitride powders to be competitive in new markets and in August 2024 launched a new product to the market (Adaptiflex™

Boron Nitride Powders) which is enhanced using our plasma functionalisation process, which we toll manufacture to their order.

- ***Petronas***, the petrochemical giant, continues to work with us on a number of parallel projects to primarily help them take their own graphene product, refined from a byproduct of their main petrochemical business, and functionalise it so it potentially can be recycled into other applications.
- ***Vittoria*** are a leading performance bicycle tyre manufacturer with whom we have developed a graphene enhanced elastomer used in their premium tyres.

Plasma Functionalised Products Sales:

Heating

Geopolitical events and the UK Government's net zero strategy continue to bring an impetus for solutions in the energy efficient heating space, where Haydale has been active for a number of years initially with its range of off-the-shelf flexible graphene-based functional heater inks that can be printed roll-to-roll and onto a wide variety of substrates.

Using those heater inks, and in partnership with a number of leading firms, we have made significant strides in the development of a number of prototype low power heating applications that can operate from a battery and some of which are in the final stages of development, the main ones being:

- Underfloor heating: The prototype graphene-based heater sheets can now be printed roll to roll and then cut to size, so they can easily be rolled out under the flooring surface and connected to a DC supply. We were granted a UK patent for this innovation during the year. We are working with a number of partners to commercialise the ink and underfloor heating product, including Staircraft, part of Travis Perkins Plc, that fit flooring for many of the major UK house builders. Separately, we have concluded an agreement to trial our own underfloor heating solution via a social housing provider in the Channel Islands.

- Portable hot water & portable radiators: Having taken both the battery powered portable hot water unit and radiator to prototype stage, Cadent have now engaged and are paying us for the next phase to commercialise the prototypes so they can be deployed to their estimated 4 million vulnerable customers, to whom they have a legal requirement to support in off gas situations. With the freedom to take these products to the other energy utilities and into parallel leisure markets, we believe this represents a significant growth opportunity.

In FY23 we noted that we had developed our own graphene based thermal transfer fluid for use in heating and cooling systems that gives a much enhanced performance compared with existing fluids on the market, for which we have since been granted a UK patent. Work performed with Hydratech, a specialist heating fluid engineering firm, to finesse the formulation to work with the necessary additives is almost complete and we have now started the external validation process to verify the product meets applicable industry standards before being deployed, initially into Hydratech's customer base.

Sensors

We have a range of off-the-shelf functional inks appropriate for use in biomedical and other sensor applications that can potentially detect a wide range of medical conditions. These inks have a high sensitivity and are therefore able to replace lower grade carbon inks and potentially metallic based inks in existing sensor products. Our work with a leader in the glucose monitoring and diabetes management sector, whilst testing successfully, has had a hiatus due to internal reorganisations within the customer. We have however sold some product in the market and have other potential routes for this product, including China. We continue to work on other sensors including chlorine.

Composites

Our Thermal Tooling product is currently being tested at several UK OEMs in the Automotive and Aerospace sectors. We are also engaged with a major international defence company on graphene enhanced composite materials.

Focused research and development

We continue to work on customer-paid and grant-funded projects to develop plasma functionalised nanomaterial solutions where there is a clear problem statement and we believe there to be a volume demand at the end of the process for any product created. We are selective and, before proceeding, require a clear business case that results in a requirement for plasma functionalised material for third party applications or intellectual property that vests in Haydale. Grant funded work has resulted in new patents being granted in the UK for the graphene based underfloor heating and thermal transfer fluid products which both have large accessible markets.

Asia Pacific

The performance of the Asian operations was disappointingly at the lower end of expectation and their future will form part of the Review.

Silicon Carbide powders and tooling

SiC advanced cutting tools used to cut very hard metals is, in itself, a $957m global market and sits at the premium end of the industrial cutting tool markets. We understand that Haydale are one of only two US based manufacturers of the SiC whisker that is required to manufacture these tools. In addition, there are a range of other lower grade advanced cutting tools used for complementary tasks such as roughing and finishing, including Cubic Boron Nitride (CBN), Cermets and Carbide based tools, each of which have their own sizeable markets.

As reported last financial year, in FY23 Haydale established the tooling sales infrastructure to sell within the US through the establishment of a manufacturer representative network and tooling catalogue. During FY24, these initiatives have been supplemented by the implementation of a MRP system and a tooling sales orientated website to properly support the US sales function. The Company has also taken steps to reinforce the Manufacturer Representative network.

However, the major change in FY24 has seen Haydale take the necessary steps to ensure that it maximises its ability to capture market share by both increasing its reach into markets outside of the US and extending the range of advanced cutting tools it can offer customers as a one stop shop thereby better able to entirely displace competitors from accounts. The key actions taken were twofold:

- Extend the territories serviced by Haydale beyond North America:
  - White label distribution agreement with a major European player signed covering UK and Eire which has led to some sizeable accounts being secured in FY24H2 and the arrangement being extended to cover the EU with discussions also ongoing in respect to the USA;
  - White label manufacturing and distribution agreement signed in Q1 of FY25 for distribution of SiC tooling into the China market which accounts for circa 22.5% of the global market;
- Extend the range of advanced cutting tooling that Haydale can offer to include CBN (itself a £1.3bn Global market), Cermets and Carbide through agreements with Asian partners signed in FY24 Q4 and FY25 Q1.

Whilst the SiC tooling business has seen increasing traction on the back of the steps taken and we are in or awaiting testing with a number of large company accounts, the timescales to convert opportunities into sales is taking longer than expected which resulted in revenues being lower than originally forecast. That said, there is a sizeable pipeline of opportunities which are being progressed. Given the commodity nature of the products and the limited number of suppliers, the sales process is believed to be relatively straightforward being largely determined on price and tool life/performance. Haydale scores highly on both measures.

Haydale's traditional SiC powder business performed well over FY24 with significant sales to its repeat customer base, however this will likely mean that FY25 powder sales will be more subdued. SiC stock is usually manufactured on a two year cycle and to ensure that we maintain adequate stock levels, the production line and furnaces were turned on in June 2024 for a four month campaign which concluded at the end of September.

Other products

There continues to be interest in CeramycGuard™, a one stop solution to significantly extend the surface life of concrete assets utilising Haydale's SiC powder and for which Haydale holds the distribution rights for the UK market. The product is currently undergoing tests on the Thames flood defences with the Environmental Agency which, if successful, could result in a material supply contract.

Production Capacity

Haydale's FY22 investment in production capacity for its plasma functionalisation process and ink production means it has sufficient capacity to meet its forecasts for the next few years. Should additional capacity be required, Haydale has a scaling plan to affordably and materially increase its own internal capacity on relatively short timescales or, depending on anticipated volumes, arrange for a machine to be leased to a customer and charge a volume based royalty.

Likewise, there is also more than sufficient capacity for the manufacture of SiC powder in the US to meet the business plan for the next few years. Arrangements have been made to secure additional external tooling manufacturing capacity to support the planned short term growth.

Overheads

There have been some large inflationary pressures in certain areas of the cost base over the financial year. Whilst we have kept a tight lid on recruitment during FY24, due to the growth seen in the UK, we have had to strengthen certain functions towards the end of FY24 and early FY25. Likewise in the US, with the infrastructure now in place, we have had to make modest increases to the sales team to support growth.

At the same time, the Group has continued to take selective measures to reduce costs around the organisation and this will continue as part of the Review.

FUTURE STRATEGIC DIRECTION

As noted above, the US operations have potential for strong growth in the short term through the manufacture and sale of specialised SiC tooling and complementary products in all of the key global cutting tool markets. Having put the necessary infrastructure in place, the focus is now on managing the networks of US regional manufacturing representatives and distributors (both in the US and overseas) and supply chain to get the tooling into key end user sites.

On the nanomaterials front, we believe that with the size and nature of the customers that are coming to us, the potential for nanomaterials is increasing apace - however it is recognised that there is a significant time lag for these projects to progress into being commercial volumes. The focus for the UK continues to be on building business partnerships that will get its plasma functionalised nanomaterial solutions into the market, targeting customers that both recognise and are willing to share the commercial value such development process can provide either through the fee structure or sharing the downstream benefits in a more equitable way. It is further believed that certain of our own strategic products, primarily underfloor heating, can provide a quick route to revenue at scale and securing the necessary accreditations, commercial relationships and distribution channels will be fundamental to this.

Whilst the opportunity for Haydale's technologies as outlined above are compelling, the Directors are mindful that the Company has to be more focused in the allocation of resources towards the most profitable and cash generative near term opportunities.

FINANCIAL REVIEW

Statement of Comprehensive Income

In the year under review, the Group's principal areas of income were sales of specialty inks, fluids and graphene enhanced composites and associated consultancy services from the UK and APAC operations and sale of SiC fibres, whiskers, particulate, blanks and tooling from the US operation. The Group's revenue for the year ended 30 June 2024 of £4.82 million (FY23: £4.30 million) represents a 12% increase compared with the previous year. Revenue derived from product sales was consistent with prior year.

The Group's Gross Profit, which excludes Other Operating Income, was £2.81 million (FY23: £2.39 million) delivering a Gross Profit margin of 58% (FY23: 56%) which is slightly higher due to sales mix.

Other operating income, which is principally grant funded projects, was £0.38 million (FY23: £0.38 million) consistent with prior year.

Adjusted administrative expenses increased by £0.09 million (1.4%) to £6.35million (FY23: £6.26 million) reflecting inflationary rises partially offset by cost savings resulting in an adjusted operating loss of £3.16 million (FY23: £3.49 million). Total administrative expenses for the year were £9.17 million (FY23: £8.93 million) which, in addition to the above, reflects a significant reduction in non-cash related share-based payment expenses of £0.56 million primarily related to the expiry of the FY22 warrants. FY24 total administrative expenses also included a non-cash charge of £1.23 million related to an impairment of the historic intangible assets associated with the US powders business (FY23: £0.53 million relating to an impairment of fixed assets held in the US).

The Loss from Operations was £5.96 million (FY23: £6.17 million). Finance costs, which include interest payable on the Group's debt, for the year were £0.39 million (FY23: £0.41 million).

The Group continued to direct resources to research and development with the focus for that investment on products and processes that could develop into sustainable and profitable revenue streams. R&D spend for the year was £1.39 million[1] (FY23: £1.52 million[1]), of which £0.50 million was capitalised (FY23: £0.42 million). During the year the Group claimed R&D tax credits of £0.24 million (FY23: £0.40 million) which has largely reduced due to changes in the scheme and it is expected that this claim will be received during the current financial year.

Total comprehensive loss for the year, was £5.80 million (FY23: £5.80 million) which in FY24 included £1.23 million (FY23: £0.53m related to tangible assets) of one off charges relating to impairment of intangible assets.

The loss per share for the year was 0.4 pence (FY23: 0.8 pence).

Statement of Financial Position and Cashflows

As at 30 June 2024, net assets amounted to £5.68 million (2023: £6.97 million), including cash balances of £1.72 million (2023: £1.38 million). Other current assets marginally increased to £3.39 million at the year-end (2023: £3.15 million) with modest reductions across most areas offset by an increase in trade debtors of £0.52 million reflecting a large year end sale in the US. Current liabilities increased slightly to £2.38 million (2023: £2.01 million) principally due to an increase in trade and other payables.

The Right of Use Asset in respect of its leased assets decreased to £1.79 million (FY23: £2.20 million) due to the continuing run out of lease agreements and reduction in the number of discrete property leases as part of planned cost savings. The Lease

Liability, which is split between Current and Non-Current Liabilities, similarly decreased to £2.01 million (FY23: £2.44 million) as a result of the lease payments made throughout the year. The Company will amortise these balances over the remaining life of the leases which varies across the sites.

The Group's US Pension Obligations of £0.30 million (FY23: £0.58 million) has reduced in the year due to a combination of positive movements on investments, exchange and discount rate movements and contributions made.

Net cash outflow from operating activities before working capital movements for the year reduced to £3.35 million (FY23: £3.67 million), the principal contributing factors being the Loss after Taxation of £6.11 million (FY23: £6.17 million). Cash used in Operations decreased by £0.73 million in the year to £3.36 million (FY23: £4.09 million). The Group received an R&D tax credit inflow of £0.40 million in the year (FY23: £0.43 million). Net cash used in operating activities decreased to £2.96 million (FY23 £3.66 million).

Capital expenditure in the year, excluding the IFRS 16 adjustments, was £0.02 million (FY23: £0.20 million). The Group invested in a scanning electron microscope, acquired under lease arrangements, for the nanomaterial business, to be able to bring certain analysis services in house to improve quality control and reduce time taken to meet customer requirements.

Capital Structure and Funding

At 30 June 2024 the Company had 1,798,462,051 ordinary shares in issue (2023: 785,852,475). No options were exercised into ordinary shares during the year (FY23: Nil).

The Group's total borrowings at the year-end were £1.41 million (2023: £1.37 million), of which £1.23 million was in the UK and the balance in the Group's US subsidiaries. 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 bounce back loan of £0.02 million (FY23: £0.03 million) or the Group's US borrowings.

Post Balance Sheet Event

On 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. The funds raised will be principally used to fund the general working capital needs of the business. As part of this process, 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.

Key Performance Indicators

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

	FY24 (£m)	FY23 (£m)
Revenue	4.82	4.30
Gross profit margin	58%	56%
Adjusted operating loss	(3.16)	(3.49)
Cash position	1.72	1.38
Borrowings	1.41	1.37

During the year 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. For the US business, specific tooling related pipeline analysis has also been introduced to monitor the health and progress of opportunities through the sales funnel.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Note	**Year ended 30 June 2024 £'000**	**Year ended 30 June 2023 £'000**
REVENUE	3	4,820	4,301
Cost of sales		(2,008)	(1,911)
Gross profit		2,812	2,390
Other operating income		376	377
Adjusted administrative expenses		(6,346)	(6,260)
Adjusted operating loss		(3,158)	(3,493)
Adjusting administrative items:			
Share based payment expense		(25)	(589)

Depreciation and amortisation		(1,514)	(1,552)
Restructure costs		(34)	(531)
Impairment		(1,227)	(2,672)
		(2,800)	(2,672)
Total administrative expenses		(9,146)	(8,932)
LOSS FROM OPERATIONS		(5,958)	(6,165)
Finance costs		(393)	(407)
LOSS BEFORE TAXATION	4	(6,351)	(6,572)
Taxation		241	407
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(6,110)	(6,165)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		52	(341)
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit pension schemes		261	702
TOTAL COMPREHENSIVE LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(5,797)	(5,804)
Loss for the year attributable to:			
Owners of the parent		(6,110)	(6,165)
Total comprehensive loss attributable to:			
Owners of the parent		(5,797)	(5,804)
Loss per share attributable to owners of the Parent			
Basic (pence)	5	(0.40)	(0.80)
Diluted (pence)	5	(0.40)	(0.80)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

Company Registration No. 07228939	**Note**	**30 June 2024 £'000**	**30 June 2023 £'000**
ASSETS			
Non-current assets			
Goodwill		-	1,059
Intangible assets		1,338	1,386
Property, plant and equipment		4,867	5,915
		6,205	8,360
Current assets			
Inventories		1,670	1,733
Trade receivables		1,088	564
Other receivables		376	446
Corporation tax		251	406
Cash and bank balances		1,717	1,378
		5,102	4,527
TOTAL ASSETS		11,307	12,887
LIABILITIES			
Non-current liabilities			
Bank loans	6	(1,392)	(1,363)
Pension Obligation		(304)	(577)
Other payables		(1,558)	(1,962)
		(3,254)	(3,902)
Current liabilities			

Bank loans	6	(14)	(11)
Trade and other payables		(2,186)	(1,899)
Deferred income		(178)	(103)
		(2,378)	(2,013)
TOTAL LIABILITIES		(5,632)	(5,915)
TOTAL NET ASSETS		5,675	6,972
EQUITY			
Capital and reserves attributable to equity holders of the parent			
Share capital		16,730	15,717
Share premium account		35,374	31,912
Share-based payment reserve		408	833
Foreign exchange reserve		(301)	(353)
Retained losses		(46,536)	(41,137)
TOTAL EQUITY		5,675	6,972

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Foreign Exchange Reserve £'000	Retained losses £'000	Total Equity £'000
At 30 June 2022	10,207	31,912	244	(12)	(35,303)	7,048
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(6,165)	(6,165)
Other comprehensive income/(loss)	-	-	-	(341)	702	361
	10,207	31,912	244	(353)	(40,766)	1,244
Contributions by and distributions to owners						
Recognition of share-based payments	-	-	39	-	-	39
Share based payment charges - lapsed options	-	-	(45)	-	45	-
Issue of ordinary share capital	1,702	3,401	-	-	-	5,103
Transaction costs in respect of share issues	-	(309)	-	-	-	(309)
At 30 June 2023	15,717	31,912	833	(353)	(41,137)	6,972
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(6,110)	(6,110)
Other comprehensive income/(loss)	-	-	-	52	261	313

	15,717	31,912	833	(301)	(46,986)	1,175
Recognition of share-based payments	-	-	25	-	-	25
Share based payment charges - lapsed warrants	-	-	(450)	-	450	-
Issue of ordinary share capital	1,013	4,050	-	-	-	5,063
Share issue cost	-	(588)	-	-	-	(588)
At 30 June 2024	16,730	35,374	408	(301)	(46,536)	5,675

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Year ended 30 June 2024 £'000	**Year ended 30 June 2023 £'000**
Cash flow from operating activities		
Loss after taxation	(6,110)	(6,165)
Adjustments for:-		
Amortisation and impairment of intangible assets	1,614	335
Depreciation and impairment of property, plant and equipment	1,128	1,747

Share-based payment charge	25	589
Finance costs	393	407
Pension: employer contribution	(161)	(180)
Taxation	(241)	(407)
Operating cash flow before working capital changes	(3,352)	(3,674)
Decrease/(increase) in inventories	63	(218)
(Increase)/decrease in trade and other receivables	(454)	304
Increase/(decrease) in payables and deferred income	383	(503)
Cash used in operations	(3,360)	(4,091)
Income tax received	397	427
Net cash used in operating activities	(2,963)	(3,664)
Cash flow used in investing activities		
Purchase of plant and equipment	(16)	(203)
Purchase of intangible assets	(503)	(421)
Net cash used in investing activities	(519)	(624)
Cash flow from financing activities		
Finance costs	(174)	(209)
Finance costs - lease liability	(95)	(116)
Payment of lease liability	42	(261)
Proceeds from issue of share capital	(446)	5,510
Share capital issues costs	5,063	(371)
New bank loans raised	(588)	-
Repayments of borrowings	(10)	(53)

Net cash flow from financing activities	3,792	4,500
Net increase in cash and cash equivalents	310	212
Effects of exchange rates changes	29	(20)
Cash and cash equivalents at beginning of the financial year	1,378	1,186
Cash and cash equivalents at end of the financial year	1,717	1,378

Abbreviated notes to the final results statement

1. General information

Haydale Graphene Industries plc is a public limited company incorporated and domiciled in England and Wales and quoted on the AIM Market, hence there is no ultimate controlling party.

2. Significant accounting policies

Basis of preparation

The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations as adopted by the UK (collectively "IFRSs") and with the requirements of the Companies Act 2006.

The Group's financial statements have been prepared under the historical cost convention.

The consolidated financial statements are presented in sterling amounts.

Amounts are rounded to the nearest thousands, unless otherwise stated.

The financial information contained in this announcement does not constitute the Group's statutory accounts for the year ended 30 June 2024 but is derived from those accounts which have been audited and which will be filed with the Registrar of Companies in due course.

The auditors' report on the Annual Report and Financial Statements for the year ended 30 June 2024 was unqualified but contain a matter of emphasis in respect to a material uncertainty relating to going concern. The auditors' report did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

Going concern

The Directors have prepared and reviewed detailed financial forecasts of the Group and, in particular, considered the cash flow requirements for the period from the date of approval of the 2024 financial statements to the end of June 2026. These forecasts sit within the Group's latest estimate and within the longer-term financial plan, both of which have been updated on a regular basis. The directors are also mindful of the impact that the other risks and uncertainties set out in the Annual Report may have on these estimates and in particular the speed of adoption of new technology. The forecasts may also substantively change as a result of actions arising out of the Review

As part of this review the directors have considered several scenarios based on various revenue, cost and funding sensitivities.

Therefore, after due consideration of the forecasts prepared, the Group's current cash resources after the equity fund raise in November 2024 and the terms of its debt facilities, the directors consider that the Company and the Group have adequate financial resources to continue in operational existence for the foreseeable future and for this reason the financial statements have been prepared on the going concern basis.

Whilst the directors believe that the going concern basis is appropriate at the date of this report, the Board is mindful that, notwithstanding the actions being taken to refocus the Company's activities pursuant to the Review, the net proceeds of the fund raise may be insufficient to fund the cash requirements of the Group through to a position where it is able to fund itself from its own cashflow within 12 months of the date of this report. The Board continues to pursue the possibility of securing additional debt facilities to provide additional liquidity. In the event that such debt facilities are not available or are unavailable in sufficient quantum it is very likely that the Group would need to raise additional equity funding. In the current economic conditions, there is inherent uncertainty over the whether such future equity or debt funding would be available. Formally, these circumstances represent a material uncertainty that casts significant doubt upon the Company and Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

3. Segment analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (which is the Chief Executive Officer and Chief Financial Officer) as defined in IFRS 8, in order to allocate resources to the segment and to assess its performance.

For management purposes, the Group is organised into the following reportable regions:

- UK & Europe (focusing on functionalisation of nano materials, high performance ink & master batches, elastomers and the composites market in Europe);
- North America (focusing on SiC & blank products for tooling); and
- Asia Pacific (focusing on sales to the Asian markets)

2024	**UK & Europe £'000**	**North America £'000**	**Asia Pacific £'000**	**Adjustments, Central & Eliminations £'000**	**Consolidated £'000**
REVENUE	1,375	3,294	151	-	4,820
Cost of sales	(722)	(1,209)	(77)	-	(2,008)
Gross profit	653	2,085	74	-	2,812
Other operating income	376	-	-	-	376
Adjusted administrative expenses	(2,162)	(2,016)	(292)	(1,876)	(6,346)

Adjusted operating loss	(1,133)	69	(218)	(1,876)	(3,158)
Administrative expenses					
Share based payment expense	(12)	(21)	(2)	10	(25)
Depreciation & amortisation	(702)	(658)	(27)	(127)	(1,514)
Restructuring cost	(16)	-	(18)	-	(34)
Impairment cost	-	-	-	(1,227)	(1,227)
	(730)	(679)	(47)	(1,344)	(2,800)
Total administrative expenses	(2,892)	(2,695)	(339)	(3,220)	(9,146)
OPERATING LOSS	(1,863)	(610)	(265)	(3,220)	(5,958)
Finance costs					(393)
LOSS BEFORE TAXATION					(6,351)
Taxation					241
LOSS AFTER TAXATION					(6,110)
Additions to non-current assets	650	6	25	-	681
Segment assets	3,958	5,904	230	1,215	11,307
Segment liabilities	(2,527)	(2,699)	(69)	(337)	(5,632)

<u>2023</u>	**UK & Europe £'000**	**North America £'000**	**Asia Pacific £'000**	**Adjustments, Central & Eliminations £'000**	**Consolidated £'000**
REVENUE	786	3,190	325	-	4,301
Cost of sales	(467)	(1,231)	(213)	-	(1,911)

Gross profit	319	1,959	112	-	2,390
Other operating income	377	-	-	-	377
Adjusted administrative expenses	(2,270)	(1,836)	(538)	(1,616)	(6,260)
Adjusted operating loss	(1,574)	123	(426)	(1,616)	(3,493)
Administrative expenses					
Share based payment expense	(34)	(43)	(1)	(511)	(589)
Depreciation & amortisation	(681)	(693)	(48)	(130)	(1,552)
Impairment	-	(531)	-	-	(531)
	(715)	(1,267)	(49)	(641)	(2,672)
Total administrative expenses	(2,985)	(3,103)	(587)	(2,257)	(8,932)
OPERATING LOSS	(2,289)	(1,144)	(475)	(2,257)	(6,165)
Finance costs					(407)
LOSS BEFORE TAXATION					(6,572)
Taxation					407
LOSS AFTER TAXATION					(6,165)
Additions to non-current assets	658	-	80	-	738
Segment assets	3,607	6,447	312	2,521	12,887
Segment liabilities	(2,391)	(3,138)	(99)	(287)	(5,915)

Geographical information

All revenues of the Group are derived from its principal activities. The Group's revenue from external customers by geographical location are detailed below.

	2024	2023
	£'000	**£'000**
By destination		
United Kingdom	965	563
Europe	128	813
United States of America	2,135	1,822
China	261	180
Thailand	66	61
South Korea	84	145
Japan	901	678
Rest of the World	280	39
	4,820	4,301

During 2024, £1.23 million (26%) (2023: £0.95 million (22%)) of the Group's revenue depended on a single customer. During 2024 £0.90 million (19%) (2023: £0.68 million (16%)) of the Group's revenue depended on a second single customer.

All amounts shown as other operating income within the Statement of Comprehensive Income are generated within and from the United Kingdom, EU and the US. These amounts include income earned as part of a number of grant funded projects in the United Kingdom and EU.

Dis-aggregation of revenues

The split of revenue by type:	2024	2023
	£'000	**£'000**
Services	899	387
Reactor rental	124	124
Products (Goods)	3,797	3,790

	4,820	4,301

2024	UK & Europe	North America	Asia Pacific	Total
	£'000	£'000	£'000	£'000
Services	878	-	21	899
Reactor rental	124	-	-	124
Products (Goods)	373	3,294	130	3,797
	1,375	3,294	151	4,820

2023	UK & Europe	North America	Asia Pacific	Total
	£'000	£'000	£'000	£'000
Services	303	-	84	387
Reactor rental	124	-	-	124
Products (Goods)	359	3,190	241	3,790
	786	3,190	325	4,301

Services and reactor rental revenues are recognised over time, whereas goods and reactor sales are recognised at a point in time.

4. Loss before taxation

Loss before taxation is arrived at after charging:

	2024	2023
	£'000	£'000

Amortisation of intangibles	387	335
Impairment of intangibles	1,227	-
Depreciation of property, plant and equipment	1,128	1,216
Impairment of tangibles	-	531
Foreign Exchange	52	105
Restructuring costs	34	-

The service fees of the Group's auditor, Crowe U.K. LLP are analysed below:		
Fees payable to the Company's auditor for the audit of the Group's financial statements	65	62

There are no other fees payable to the Company's auditors and its associates for other services (2023: £Nil).

5. Loss per share

The calculations of loss per share are based on the following losses and number of shares:

	2024 £'000	2023 £'000
Loss after tax attributable to owners of Haydale Graphene Industries Plc	(6,110)	(6,165)
Weighted average number of shares:		
- Basic and Diluted	1,534,906,164	729,239,439
Loss per share:		
Basic (pence) and Diluted (pence)	(0.40)	(0.80)

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for basic earnings per share. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of IAS 33. At 30 June 2024, there were 208,750,000 (2023:

242,033,392) options and warrants outstanding as detailed in note 17. All of the options are potentially dilutive.

Post year end 1,960,633,907 of new Ordinary Shares were issued on 14 November 2024, these Ordinary Shares are dilutive. As part of this process, 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.

6. Bank loans

	2024 £'000	2023 £'000
Bank loans	1,406	1,374
The borrowings are repayable as follows:-		
- within one year	14	11
- in the second year	593	605
- in the third year and above	799	758
	1,406	1,374

The Group's borrowings are denominated in US dollars and Pounds Sterling. The directors consider that there is no material difference between the fair value and carrying value of the Group's borrowings.

	2024	2023
Average interest rates paid	6.87%	6.85%

In June 2020, as part of the Government Bounce Back Loan scheme, HCS entered into a six year loan agreement with NatWest for £50,000. The loan had a repayment holiday and did not accrue interest during the first 12 months. Following the initial 12 months, interest has been charged at 2.5% p.a. and the loan and interest are repayable in equal instalments over the remaining period.

In March 2021, HCS secured a five year loan of £1,100,000 from Innovate Loans UK Limited. At the year end the Company had fully drawn down this facility. The loan has a repayment holiday until July 2024 and is fully repayable by July 2026. Interest will be charged at 7.4% p.a. for the period of the loan. For the initial 36 months interest will be paid at 3.7% p.a. and for the final 24 months interest with be paid at 10.7% p.a. There are no penalties for early repayment. During the year HCS agreed an extension to the loan period of two years, being an additional year to the repayment holiday period (to July 2025) and an additional year to the repayment period. This means the loan will be fully repaid by July 2028.

During the year ended June 2022, the US operation secured a loan through the COVID-19 Economic Injury Disaster Loan scheme of $200,000. The loan is for a period of 30 years with a fixed interest rate of 3.75% and deferred repayments for the first two years. At the year end the balance on the loan was £173,000.

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[1] Based on calculations submitted to HMRC for the R&D tax credit.

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