

*This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.*

**For immediate release**

**24<sup>th</sup> February 2021**

## **Haydale Graphene Industries plc**

(‘Haydale’, the ‘Company’, or the ‘Group’)

### **Interim Results**

Haydale (AIM: HAYD), the global advanced materials group, announces its unaudited interim results for the six months ended 31 December 2020 (the ‘Period’ or ‘H1 FY2021’).

#### **Financial Highlights**

- Group Revenues of £1.28 million for the Period, 5% down on H1 FY2020;
- Sales of functionalised inks and graphene enhanced composites increased by 35% to £0.34 million on a like-for-like basis;
- Adjusted administrative expenses fell by 22% with a saving of £0.72 million on the prior half year;
- Adjusted operating loss for the Period reduced by 34% (H1 FY2021 £1.39 million vs H1 FY2020 £2.1 million);
- A reduction in Cash Used in Operations of £1.26 million or 50% on a LFL basis (H1 FY2021 £(1.26) million vs H1 FY2020 £(2.52) million); and
- Cash at Period end of £1.88 million (30 June 2019: £2.70 million)

#### **Operational Highlights**

- Agreement with Qinhuangdao ENO High-Tech Material Development Co., Ltd., to act as a sales representative for Haydale’s ceramic and silicon carbide products in China;
- Ahead of schedule on the three-year exclusive agreement with iCraft announced in September 2020 with 0.4 tonnes being shipped by the Period end and further orders pending of 1.6 tonnes for H2 FY2021;
- Completed a successful trial of CeramycShield™, a ceramic surface treatment that utilises SIC to enhance and protect concrete assets, at a Central American water treatment facility;
- Commercial progress with elastomers now evident following first sale to Bolflex of our functionalised nano-enhanced rubber masterbatch for use in its premium shoe range. Follow up orders are scheduled for H2 FY2021; and
- In collaboration with a leading biosensor technology company, developed a next generation functionalised biomedical ink with improved analyte detection which enhances detection and the accuracy of diagnosis.

#### **Commenting on the interim results, Keith Broadbent, Chief Executive Officer of Haydale, said:**

*"Whilst these results reflect a challenging Period, the operational changes and strategic progress made since 2019 and accelerated through the last nine months have put the Group in a stronger position to manage the impact of Covid-19. As we project forward to a time beyond the pandemic, we believe our patented HDPlas® plasma process puts Haydale in a strong position to deliver functionalised graphene and other nano materials cost effectively, at a consistent quality and at industrial volumes".*

#### **For further information:**

**Haydale Graphene Industries plc**

**Keith Broadbent, CEO**

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## **Notes to Editors**

Haydale is a global 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](http://www.haydale.com) or Twitter: @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.*

## Chief Executive's Report

### Overview

Despite the economic uncertainty caused by the pandemic and the impact of enhanced restrictions in several key markets the Company has seen a gradual improvement in the general trading environment in some areas as customers adapt to operating under the changing constraints. During the Period we have observed greater interest from existing and new customers in exploring the technical, environmental, and cost advantages that our products offer. The HDPlas<sup>®</sup> plasma process which tailors graphene and other nano materials to enhance the host material remains central to delivering these benefits and the ability to meet customer expectations augurs well for the medium and longer term prospects of the Group.

Subdued global aerospace demand has impacted the sales of Silicon Carbide ("SiC") whiskers and Ceramic cutting tools ("blanks") in the Period and expectations notably around the medium-term recovery of air traffic indicate that the pandemic will continue to act as a brake on sales during H2 FY2021. The Company has sought to extend its geographical footprint and expand its product offering to counteract the slowdown in its core market. The recent agreement with Qinhuangdao ENO High-Tech Material Development Co., Ltd., ("ENO") and strategic recruitment in Europe are the latest steps in this direction.

Group trading has remained resilient despite the challenging environment. Revenues of £1.28 million for the Period are marginally down on the prior year period (H1 FY2020 £1.35 million) but positive gross margin variance and a focus on operating costs has significantly reduced the Group's adjusted operating loss by £0.72 million or 34% to £1.39 million (H1 2019 £2.11 million). The Directors anticipate the full year revenue to be in line with the prior year and lower operating costs will lead to a reduced Adjusted Operating Loss at the year end.

### Commercial Operations

#### *Asia Pacific "APAC"*

Our APAC hub in Thailand and sales office in South Korea continued to make good progress in the Period towards commercialising Haydale's proprietary technology. The three-year exclusive agreement with iCraft<sup>1</sup>, to supply functionalised graphene for cosmetic face mask sheets announced in September 2020 is ahead of schedule and we are also working closely with iCraft to supply functionalised graphene powder for the manufacture of their GNP<sup>2</sup> enhanced, anti-bacterial, neoprene PPE face masks. Haydale shipped 0.4 tonnes during the Period and further orders of 1.6 tonnes had been received by the Period end for delivery in H2 FY2021 for both the face mask sheets and PPE face masks. As part of the on-going collaboration between the parties a sole distributor agreement covering the UK and Europe was concluded in December 2020 and the first direct-to-consumer sales of iCraft's PPE face masks were secured in January 2021 from Haydale's web portal.

Haydale has continued to collaborate with IRPC<sup>3</sup> and the parties are making positive progress on several projects including the Phase II agreement for the development of transparent graphene and functionalized acetylene black conductive inks for RFID, NFC and related applications. The Company has also cooperated successfully on the development of IRPC's new washable functionalised graphene-enhanced fabric PPE face mask. IRPC has now placed a follow-on order for 200Kg of Haydale's bespoke functionalised ink as it expands production, and further orders are anticipated.

#### *UK*

The UK division has made meaningful progress towards commercialising its proprietary technology and to delivering on some of the previously announced collaborations. The four-year agreement with DLYB<sup>4</sup>, which commenced in April 2020, allows them to market Haydale's electrically conductive graphene-enhanced masterbatch in China and

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<sup>1</sup> iCraft, based in South Korea, is a global technology company with interests in security and network solutions as well as the health and beauty sector.

<sup>2</sup> Graphene nano-platelets (GNP-02-STD)

<sup>3</sup> IRPC Public Company Limited ("IRPC") is a Thai Public SET-listed Petroleum and Petrochemical company. It is a subsidiary of PTT Group,

<sup>4</sup> Dalian YiBang Technology Company Limited ("DLYB") has been at the forefront of introducing and servicing high-end imported products for 15 years in China, which included the introduction of copper mesh for the purpose of lightning strike protection in both aerospace and wind energy sectors.

Taiwan. The first year of the contract was reserved for product validation and, whilst these tests are on-going, results so far have been positive and we look forward to moving to the commercial phase of the contract during 2021.

Haydale signed an agreement with Dowty Propellers (“Dowty”) in September 2020 for the provision of services for the collaborative development of graphene and nano material enhanced products for use in Dowty products. Haydale is assisting Dowty in examining the feasibility and development of various material technologies, pertinent to Dowty’s future product development, involving the incorporation of graphene and other nano scale materials and this work is on-going with the first phase of work now completed.

In December 2020 we secured our first sale to Bolflex<sup>5</sup> of our functionalised nano-enhanced rubber masterbatch for use in its premium shoe range. The masterbatch is incorporated into the styrene-butadiene rubber compound used in its soles and the initial order of 80 kg enabled Bolflex to prepare 6,000 nano-enhanced rubber soles. Bolflex are currently evaluating the performance of these soles against competitor products and initial results show improvements against its footwear test standards with increased tear strength and enhanced abrasion, flex and slip resistance. Follow up orders are scheduled for H2 FY2021.

## US

Revenue at our US SiC and blanks manufacturing facility has been adversely affected by the impact of Covid-19 on the US aerospace and petrochemical sectors. The impact has been temporarily ameliorated by the support it has received from a long-standing customer who maintained its short-term order pattern during H1 FY2021, although this is partly offset by another customer that is failing to meet its contractual obligations. We expect this support to continue in H2 FY2021 but, as previously announced, this will result in reduced orders in the following year.

The Directors expected that the \$1.5 million investment in blanks production capability in the year ended June 2019 would contribute to increase utilisation of the manufacturing capacity at the US facility and to higher value sales as we moved up the value chain. Whilst the Directors believe that this strategy is still sound, due to the pandemic, demand has been subdued and is forecast to remain so in the medium term. The Company has therefore sought to widen its product offering and expand its geographical footprint.

Haydale has completed a successful trial of CeramycShield™, a ceramic surface treatment that utilises SiC to enhance and protect concrete assets at risk from decay, at a Central American water treatment facility. Post Period end, Yorkshire Water announced that it has partnered with Haydale to trial CeramycShield™, on a number of its chemical bunds and have stated that *‘the results will be immediately apparent and will pave the way for a larger programme of works protecting our assets’*. These trials have been delayed by the UK’s third lockdown but are scheduled to commence shortly after this ends. The Company is also in discussions with several other UK utilities and overseas companies who are interested in CeramycShield™.

To reduce its reliance on US aerospace, Haydale started actively exploring the European blanks market in H2 2020 with a technical market specialist based in Germany. The Company has been pleased with the opportunities identified and the progress that has been made in securing certification trials for blanks during H1 FY2021. Our current expectation is that in the medium to long term the European market for blanks can make a significant contribution to revenue growth at our US facility. Post Period end, we appointed Uwe Kemper as European Head of Business Development to spearhead our entry into the EME cutting tool market. Uwe has significant industry experience gained at Greenleaf Corporation and latterly with CeramTec GMBH and is a valuable addition to our team.

The Company signed a Memorandum of Understanding with a Sino-UK facilitator in H1 FY2020 and the early promise shown by this relationship is now being fulfilled. In January 2021 Haydale announced an Agreement which allows ENO to act as a sales representative for Haydale’s ceramic and silicon carbide products in China (including Hong Kong) and Taiwan for an initial period of two years. Under the Agreement, ENO expects to buy a minimum of \$300,000 of product from Haydale within the first year of the agreement increasing to \$500,000 in the second year. The first order under the Agreement for \$23,000 has been shipped by Haydale in January 2021. Haydale is also working on several other potential projects in China and is encouraged by the strong interest in its SiC offering and functionalised conductive inks as well as other products in this market.

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<sup>5</sup> BOLFLEX is a market leader company, expert in the footwear components sector, with consolidated skills and credit in the production and supply of soles for the European footwear industry.

## Grant Funded Projects

Grant funded projects have continued in H1 FY2021 and the Company was successful as part of the Carbo4power consortium whose main objective is to develop a new generation of lightweight, high strength, multifunctional, digitalized multi-materials for offshore turbine rotor blades that will increase their operational performance and durability while reducing the cost of energy production, maintenance, and their environmental impact. This grant has a clear commercial pathway and complements previous development work on the NATEP funded GraCELS projects. As noted previously we anticipated 'Other Operating Income' would decline marginally as commercial projects take priority but grant funded research that complements our commercial offering remains important to the Group.

## Technical and Patent Update

Haydale has been working with a biosensor technology company that manufactures rapid diagnosis testing products, to provide a cost effective and environmentally friendly alternative to traditional silver based printed biomedical sensor electrodes, which are also susceptible to tarnishing. The next generation functionalised biomedical inks developed at our Ammanford facility have improved analyte detection through the incorporation of compatible functional groups, which enhances detection and the accuracy of diagnosis. The Directors are hopeful that this collaboration will develop into a commercial relationship in H2 FY2021.

Haydale has been granted a European Patent for PATit™, its anti-counterfeit system which uses functionalised graphene elements incorporated into printing inks to create unique security and identity code patterns that are machine readable using capacitive touchscreen technologies. The code can be verified by using local or hosted software systems. We are currently in early stage discussions to commercialise this technology both in the UK and the Far East.

## Unaudited Financial Results

The Group's recognised commercial income in the Period was £1.28 million (H1 2019 £1.35 million). Of this, £0.86 million (H1 FY2020: £0.94 million) derived from the US with the sales of SiC nanomaterials and blanks with the balance of £0.42 million (H1 FY2020: £0.41 million) being from the UK and APAC regions. The Company is pleased that the sales of functionalised inks and graphene enhanced composites have increased by 35% to £0.34 million on a like-for-like ("LFL") basis and anticipate that this growth will accelerate in H2 FY2021.

During the past year, the Directors have continued to realign the cost base to ensure that the Group focuses resources on achieving its strategic objectives. Total Adjusted Administrative Expenses in the Period of £2.55 million have reduced by £0.72 million, equivalent to 22% (H1 FY2020 £3.27 million). Whilst there is further scope to streamline operating costs it is anticipated that any savings will have a diminishing impact on the total cost base.

The Group's adjusted operating loss at £1.39 million for H1 FY2021 reduced by 34% (H1 FY2020 £2.11 million) and the Loss before taxation was £1.93 million (£2.72 million in H1 FY2020). Capital expenditure in H1 FY2021 was £0.02 million (H1 FY2020: £0.03 million) and whilst this is forecast to remain restrained through H2 FY2021 the Company is assessing options for increasing capacity at its Ammanford facility, but at this stage it is anticipated that any significant investment would be post Year End.

The Group's net assets at 31 December 2020 were £8.25 million (31 December 2019: £9.06 million). The Group's borrowings reduced by £0.18 million during the Period to £1.07 million at the Period end (30 June 2020: £1.25 million). Cash at the Period end was £1.88 million (30 June 2019: £2.70 million), including the £2.80 million of net equity funds received in September 2020. Negative operating cash flow before working capital changes of £1.37<sup>6</sup> million reduced by 34% (H1 FY2020 £2.09 million). A positive working capital movement of £0.1 million (H1 FY2020 £(0.43) million) contributed to a fall in Cash Used in Operations of £1.26 million to £(1.26) million (H1 FY2020 £(2.52) million) on a similar LFL basis. We anticipate reduced operating losses and lower levels of inventory, principally in the US, should support a reducing level of operating cash burn through H2 FY2021.

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<sup>6</sup> On a LFL basis including Payment of Lease Liability within Operating Costs

There were no restructuring costs for H1 FY2021 (£0.12 million in H1 FY2020). Restructuring costs in the prior period principally related to the closure of the Taiwan facility. In H2 2020 Restructuring cost for the full year were reduced by £0.06 million as the expected costs of closure were less than originally anticipated.

The Company raised £2.98 million (gross) via the issue of 85,055,950 new ordinary shares in September 2020 at an issue price of £0.035 each (the "Fund Raise"), representing a discount of approximately 31% to the closing mid-market price of the Company's shares immediately before the Fund Raise. As at 31 December 2020, and at the date of this announcement, the Company had 425,279,798 ordinary shares in issue.

#### Outlook

Whilst the Covid-19 pandemic has acted as a disruptive backdrop to the Period it has by no means defined our performance. The Directors are pleased to report an increase in the commercial sales of functionalised inks and graphene enhanced composites in the Period and expect sales will continue to gain momentum in this area. The Directors also anticipate that new products such as CeramycShield™ will positively impact revenue in the short term. Whilst uncertainty over the medium terms prospects for the aerospace sector remains, the actions taken over the last nine months to extend the Company' geographical footprint will provide a robust platform for the Company to take advantage of the revival in this sector as it materialises

Keith Broadbent  
Chief Executive Officer  
24<sup>th</sup> February 2021

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

**For the six months ended 31 December 2020**

	Note	Unaudited Six months ended 31 Dec 2020 £'000	Unaudited Six months ended 31 Dec 2019 £'000	Audited Year ended 30 Jun 2020 £'000
<b>REVENUE</b>		1,277	1,347	2,947
Cost of sales		(338)	(509)	(885)
<b>Gross Profit</b>		939	838	2,062
Other operating income		212	320	756
Adjusted Administrative expenses		(2,545)	(3,268)	(5,988)
<b>Adjusted operating loss</b>		(1,394)	(2,110)	(3,170)
Adjusting administrative items:				
Share based payments income/(expenses)		(75)	142	11
Lease rental charges (IFRS 16)		310	315	631
Restructuring costs		-	(123)	(63)
Depreciation and amortisation		(627)	(854)	(1,640)
		(392)	(520)	(1,061)
Total trading administrative expenses		(2,937)	(3,788)	(7,049)
<b>LOSS FROM TRADING</b>		(1,786)	(2,630)	(4,231)
Total administrative expenses		(2,937)	(3,788)	(7,049)
<b>LOSS FROM OPERATIONS</b>		(1,786)	(2,630)	(4,231)
Finance costs		(147)	(94)	(176)
<b>LOSS BEFORE TAXATION</b>		(1,933)	(2,724)	(4,407)
Taxation		182	159	391
<b>LOSS FOR THE YEAR FROM CONTINUING OPERATIONS</b>		(1,751)	(2,565)	(4,016)
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations		(301)	(99)	82
Remeasurements of defined benefit pension scheme		14	174	(291)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR FROM CONTINUING OPERATIONS</b>		(2,038)	(2,490)	(4,225)
Loss per share attributable to owners of the Parent				
Basic (£) and Diluted (£)	2	(0.01)	(0.01)	(0.01)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 December 2020

	Unaudited 31 Dec 2020 £'000	Unaudited 31 Dec 2019 £'000	Audited 30 Jun 2020 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	1,454	1,454	1,454
Intangible assets	1,184	1,078	1,145
Property, plant and equipment	6,979	4,815	6,407
	9,617	7,347	9,006
<b>Current assets</b>			
Inventories	1,562	1,618	1,712
Trade receivables	580	512	886
Other receivables	483	352	334
Corporation tax	567	149	384
Cash and bank balances	1,875	2,700	823
	5,067	5,331	4,139
<b>TOTAL ASSETS</b>	<b>14,684</b>	<b>12,678</b>	<b>13,145</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank loans	44	234	304
Pension obligation	1,280	894	1,435
Other payable	2,564	-	1,031
	3,888	1,128	2,770
<b>Current liabilities</b>			
Bank loans	1,024	1,148	944
Trade and other payables	1,391	1,174	1,906
Deferred income	136	173	74
	2,551	2,495	2,924
<b>TOTAL LIABILITIES</b>	<b>6,439</b>	<b>3,623</b>	<b>5,694</b>
<b>TOTAL NET ASSETS</b>	<b>8,245</b>	<b>9,055</b>	<b>7,451</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the parent</b>			
Share capital	8,506	6,804	6,804
Share premium account	28,819	27,764	27,764
Share-based payment reserve	206	686	131
Retained (deficits)	(28,967)	(26,000)	(27,230)
Foreign exchange reserve	(319)	(199)	(18)
<b>TOTAL EQUITY</b>	<b>8,245</b>	<b>9,055</b>	<b>7,451</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

**For the six months ended 31 December 2020**

	<b>Unaudited Six months ended 31 Dec 2020 £'000</b>	<b>Unaudited Six months ended 31 Dec 2019 £'000</b>	<b>Audited Year ended 30 Jun 2020 £'000</b>
<b>Cash flow from operating activities</b>			
Loss before taxation	(1,751)	(2,565)	(4,016)
<i>Adjustments for:-</i>			
Amortisation of intangible assets	88	68	129
Depreciation of property, plant and equipment	537	471	1,511
Share-based payment (income)/charge	75	(142)	(11)
Loss on disposal of property, plant and equipment	3	123 <sup>7</sup>	-
Finance costs	147	94	176
Pension - net interest expense	22	22	24
Taxation	(182)	(159)	(391)
	<b>(1,061)</b>	<b>(2,088)</b>	<b>(2,578)</b>
<b>Operating cash flow before working capital changes</b>			
Decrease/(increase) in inventories	150	(435)	(531)
Decrease / (increase) in trade and other receivables	157	245	(111)
(Decrease)/increase in payables and deferred income	(201)	(240)	(104)
<b>Cash used in operations</b>	<b>(955)</b>	<b>(2,518)</b>	<b>(3,324)</b>
Income tax received	-	846	847
<b>Net cash used in operating activities</b>	<b>-</b>	<b>(1,672)</b>	<b>(2,477)</b>
<b>Cash flow used in investing activities</b>			
Purchase of property, plant and equipment	(21)	(28)	(44)
Capitalisation of intangible assets	(129)	(121)	(251)
<b>Net cash used in investing activities</b>	<b>(150)</b>	<b>(149)</b>	<b>(295)</b>
<b>Cash flow used in financing activities</b>			
Finance costs	(91)	(94)	(94)
Finance cost – right of use asset	(56)	-	(82)
Payment of lease liability	(310)	-	(631)
Proceeds from issue of share capital (net of share issue costs)	2,757	436	450
New bank loans raised	-	-	50
Repayments of borrowings	(77)	(545)	(835)
<b>Net cash flow from financing activities</b>	<b>2,223</b>	<b>(203)</b>	<b>(1,142)</b>
Effects of exchange rate changes	(66)	36	49
<b>Net (decrease) in cash and cash equivalents</b>	<b>1,052</b>	<b>(1,988)</b>	<b>(3,865)</b>
Cash and cash equivalents at beginning of the financial period	823	4,688	4,688
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,875</b>	<b>2,700</b>	<b>823</b>

<sup>7</sup> The treatment for the Losses on disposal of fixed assets in H1 FY2020 of £0.12 million was changed in H2 FY2020

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	<b>Share Capital</b>	<b>Share premium</b>	<b>Share- based payment reserve</b>	<b>Foreign exchange reserve</b>	<b>Retained profits</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 July 2019</b>	<b>6,354</b>	<b>27,764</b>	<b>828</b>	<b>(100)</b>	<b>(23,595)</b>	<b>11,251</b>
Total comprehensive loss for the period	-	-	-	-	(2,391)	(2,391)
Other comprehensive loss	-	-	-	(99)	-	(99)
Recognition of share-based payments	-	-	(142)	-	-	(142)
Issue of ordinary share capital	450	-	-	-	-	450
Transaction costs in respect of share issue	-	-	-	-	(14)	(14)
<b>At 31 December 2019</b>	<b>6,804</b>	<b>27,764</b>	<b>686</b>	<b>(199)</b>	<b>(26,000)</b>	<b>9,055</b>
Total comprehensive loss for the period	-	-	-	-	(1,625)	(1,625)
Other comprehensive profit	-	-	-	181	(291)	(110)
Recognition of share-based payments	-	-	131	-	-	131
Share based payment charges – lapsed options	-	-	(686)	-	686	-
<b>At 30 June 2020</b>	<b>6,804</b>	<b>27,764</b>	<b>131</b>	<b>(18)</b>	<b>(27,230)</b>	<b>7,451</b>
Total comprehensive loss for the period	-	-	-	-	(1,737)	(1,737)
Other comprehensive loss	-	-	-	(301)	-	(301)
Recognition of share-based payments	-	-	75	-	-	75
Issue of ordinary share capital	1,702	1,055	-	-	-	2,757
<b>At 31 December 2019</b>	<b>8,506</b>	<b>28,819</b>	<b>206</b>	<b>(319)</b>	<b>(28,967)</b>	<b>8,245</b>

**Equity share capital and share premium**

The balance classified as share capital and share premium includes the total net proceeds on issue of the Company's equity share capital, comprising £0.02 ordinary shares. The share premium account can only be used for bonus issues, to provide for the premium payable on redemption of debentures or to write off preliminary expenses, or expenses of, or commissions paid on, or discounts allowed on, any issues of shares or debentures of the company.

**Share premium account**

The share premium account represents the amount received on the issue of ordinary shares in excess of their nominal value and is non-distributable.

**Share-based payment reserve**

The share-based payment reserve comprises the cumulative expense representing the extent to which the vesting period of share options has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest.

**Retained profits**

The retained profits reserve comprises the cumulative effect of all other net gains, losses and transactions with owners (e.g. dividends) not recognised elsewhere.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

### 1. Accounting policies

#### Basis of preparation

The interim financial statements, which are unaudited, have been prepared on the basis of the accounting policies expected to apply for the financial year to 30 June 2021 and in accordance with recognition and measurement principles of International Financial Reporting Standards (IFRSs) as endorsed by the European Union. The accounting policies applied in the preparation of these interim financial statements are consistent with those used in the financial statements for the year ended 30 June 2020.

The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all of the disclosures in IAS34 'Interim Financial Reporting'. Accordingly, while the interim financial statements have been prepared in accordance with IFRS they cannot be construed as being in full compliance with IFRS.

The financial information for the year ended 30 June 2020 does not constitute the full statutory accounts for that period. The Annual Report and Accounts for 30 June 2020 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for 2020 was unqualified and did not include references to any matters which the auditors drew attention to by way of emphasis without qualifying their report and did not contain statements under Section 498(2) or 498(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 these financial statements to the end of February 2022. 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 as our understanding of the potential impact of the Covid-19 pandemic has developed. The Directors are also mindful of the impact that the other risks and uncertainties set out on pages 9 to 11 of the Annual Report and Accounts for the year ended 30 June 2020 may have on these estimates.

After due consideration of the forecasts prepared, the Group's current cash resources, its borrowing facilities and ability to potentially access additional capital funds to further develop the business, the directors consider that the Company and the Group have adequate financial resources to continue in operational existence for the foreseeable future (being a period of at least 12 months from the date of this report), and for this reason the financial statements have been prepared on the going concern basis.

#### Other

The working capital bank facility in the US has been reclassified from Other Creditors to Bank Loans.

### 2. Loss per share

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

	Unaudited Six months ended 31 Dec 2020 £'000	Unaudited Six months ended 31 Dec 2019 £'000	Audited Year ended 30 Jun 2020 £'000
Loss after tax attributable to owners of the Haydale Graphene Industries Group	(1,751)	(2,565)	(4,016)
Weighted average number of shares: - Basic and Diluted	392,921,556	322,615,153	331,162,204
Loss per share: - Basic (£) and Diluted (£)	(0.01)	(0.01)	(0.01)

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.

### 3. Approval

The 31 December 2020 interim financial statements were approved by a duly appointed and authorised committee of the Board of Directors on 23 February 2021.