

Haydale Graphene Industries plc

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

Interim Results

Haydale (AIM: HAYD), the global technology solutions group, announces its unaudited interim results for the six months ended 31 December 2022 (the ‘Period’ or ‘H1 FY2023’).

Financial Highlights

- Group Revenues increased by 50% to £1.78 million (H1 FY2022 £1.19 million);
- Adjusted Operational expenses of £3.02 million (H1 FY2022: £2.55 million) reflecting prior year investment in capability;
- Adjusted operating loss for the Period of £1.89 million (H1 FY2022 £1.75 million); and
- Cash at Period end of £2.97million (31 December 2021: £3.84 million).
- Successful fund raise of £5.14 million (Net) in September 2022.

Operational Highlights

- Sales of biomedical inks achieved in Europe with advanced trials being conducted by several parties which include electronic blood glucose reader compatibility tests.
- One tonne of functionalised graphene powder supplied to leading cycle tyre manufacturer Vittoria Spa with more orders anticipated in the current period.
- Strong growth in US revenues with an anticipated rebound in Silicon Carbide powder sales alongside expanding sales of blanks and finished tools;
- Developed a prototype underfloor heating solution with the potential to replace higher voltage electric or water based floor heating systems in residential buildings.

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

“We are pleased to see revenues increase by 50% in the Period and currently remain on track to meet expectations for the financial year. Our operational focus remains on those products that should deliver revenue growth within the short to medium term. This strategy is supported by the Group’s installed manufacturing capacity that can deliver functionalised nanomaterials to our customers on an industrial scale at a consistent quality and at a market acceptable price. We believe that the patented HDPlas™ plasma treatment provides a superior, highly tuneable and environmentally friendlier solution to the graphene challenge than other processes and this is being validated by our customers.

We are also pleased to see the rebound in our US sales and expect to see continued growth in our cutting tool business in the North American automotive and aerospace sectors in H2 FY2023. The continued progress of our US business will support reduced monthly cash burn and may create the opportunity to secure additional capital facilities for the Group”.

For further information:

Haydale Graphene Industries plc

Keith Broadbent, CEO

Mark Chapman, CFO

Tel: +44 (0) 1269 842 946

www.haydale.com

finnCap (Nominated Adviser & Broker)

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 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

The Group has seen solid progress in its core graphene and nano particle operations in the UK supported by a strong rebound in its US sales.

Within the graphene and nano materials side of our operations, we have continued to concentrate on our focus products, those that we believe are most likely to deliver revenue within the short to medium term. Specific development of our core ink, elastomers and composite products has also resulted in further enhancement of our core functionalisation technology which has led to several new patent applications being submitted in the Period.

We have continued the optimisation process for the HT1400 industrial scale plasma reactor that was commissioned in April 2022. Our installed capacity has, amongst other customers, proved invaluable in our supply of one tonne of functionalised nano material for Vittoria Spa in the Period.

Revenue increased by 50% in the Period to £1.78 million (H1 FY2022 £1.19 million) driven by a strong recovery at the Group's US operation. Silicon Carbide whisker ("SiC") sales to a long term customer in East Asia recommenced after a hiatus of nearly 18 months and were supported by expanding sales of blanks and finished tools (together "Tools").

The focus on improving operational capability alongside the increase in production capacity led to strategic investment in the wider Haydale team in FY 2022. In H1 FY2023 we are seeing the full year effect of this with a 18.6% increase in Adjusted Administrative expenses in the Period. The Group's adjusted operating loss for the Period was £1.89 million (H1 FY2022 £1.75 million).

Commercial Operations

UK

The UK has made consistent progress towards commercialising its proprietary technology in the Period and has continued to focus on the inks (biosensor, heater and conductive), elastomers and composites that we believe have a shorter commercial time horizon and can deliver a sustainable financial return.

Inks

Our biomedical ink products are gathering momentum, and we have secured small scale sales to the UK based subsidiary of a global leader in the glucose monitoring and diabetes management field, as well as several customers in East Asia. We are pleased that our functionalised graphene inks have demonstrated consistent performance uplifts against existing carbon based inks in initial trials. Customers are now performing advanced testing and are looking to ensure compatibility with their blood glucose readers.

For context, the global blood glucose test strips market size was \$12.31 billion in 2021 and is poised to grow at a CAGR of 6.2% to reach \$21.16 billion by 2030¹. Population aging, obesity, and unhealthy lifestyle are the main factors contributing to this market growth. Small disposable plastic blood glucose test strips play a critical role in assisting people to monitor and control their diabetes.

Academic and commercial laboratories have shown that the electrically conductive properties of our HDPlas[®] functionalised graphene, improved the accuracy and responsiveness of the ink within the test strips when compared to the existing products on the market. Furthermore, our next generation product uses less metallics and will be environmentally friendlier than current inks.

Haydale has the installed capacity to produce circa 25 tonnes of biomedical inks per annum to a consistent and high quality standard, and at a competitive cost versus current suppliers. We anticipate that capacity could be substantially increased, as required, with a projected return on future investment of under one year.

Our biomedical inks are also potentially capable of detecting a wide variety of other conditions. Our work with the Wales Kidney Research Unit at Cardiff University on a urinary electrochemical sensor has the potential to replace

¹ Strategic Market Research - Global Glucose Test Strip Market Size – Global Report Analysis 2030

costly and invasive PCR based methods and to enable more timely intervention. The diagnostic potential of our functionalised powder inks, utilising microRNA to detect a wide range of conditions, has been recognised by The Engineer, a respected magazine focusing on technological innovation, which shortlisted the parties in the 2023 'Collaborate to Innovate Awards' category.

Haydale has been working with Cadent to develop graphene based heater inks to generate low power hot water in off grid situations. This work programme has now advanced to the development of a demonstrator, and the parties are discussing further projects.

Haydale has also been working to enhance the conductivity and printability of its heater inks for use in caravans and other mobile platforms and underfloor heating situations. The Group has recently developed a prototype distributed heating solution with the potential to replace high voltage electric or water based under floor heating systems in residential buildings. Haydale heater ink can be printed onto various substrates and using low voltage battery or solar energy could, when fully developed, effectively heat domestic buildings as part of a wider sustainable energy ecosystem. We have received interest from a number of energy utilities and are currently investigating the cost of developing a prototype for field testing, with a view to having a commercial offering with a certified energy rating value. Against the backdrop of the global energy crisis, discussions on this potentially ground breaking technology continue apace.

Elastomers

Through several feasibility studies, Haydale demonstrated the capacity of functionalised masterbatches to deliver enhanced elastomer performance. Our work in this field has kickstarted our collaboration with Vittoria Spa ("Vittoria"), the leading Italian bicycle tyre manufacturer which has pioneered the use of graphene in high performance tyres. Haydale's functionalised nanomaterial has been proven to create substantial improvements in grip, puncture resistance, rolling drag and durability. During the period the Group was excited to continue our collaboration by supplying one tonne of functionalised graphene nanomaterials to Vittoria. The parties expect more orders to follow in H2 FY2023 as Vittoria expand the use of the material to other high performance tyre offerings. The applicability of this technology to the wider tyre market and also to other sectors is being explored with the anti-static non marking properties of our functionalised elastomer products receiving interest from a supplier to the medical sector.

Composites

The Group recently announced its new graphene enhanced epoxy pre-preg tooling material. A two year field trial at Prodrive, the tier 1 automotive supplier, demonstrated that our material delivered extended tooling life, improved surface quality and increased thermal conductivity. The prolonged tooling life should deliver substantial cost savings to users mainly in the automotive and aerospace sectors, with the move to the new tools requiring no process adjustments. The product was formally launched in H2 FY2023 with our graphene masterbatch being used to manufacture stronger and lighter composite sea kayaks for Norwegian paddle sport brand, Norse Kayaks.

Other UK

Haydale has continued to collaborate with High Tech Systems Ltd on the development, 'real world' testing and optimisation of its boron nitride enhanced thermal fluid, Hi-Therm™. By enhancing the thermodynamic properties of water, Hi-Therm™ has the potential to reduce the energy required to heat buildings and could demonstrate the positive impact that thermally efficient and effectively dispersed nanomaterials could have on reducing energy use.

North America

Revenue at our US SiC and tool manufacturing facility has rebounded in the Period. The Group has recommenced sales with a key customer in East Asia after an 18 month post pandemic hiatus and has also seen meaningful sales of its Tools in the Period.

We reported that our North American operation had started to see demand for its Tools revive in the last quarter of FY2022. We are pleased to report that this momentum has increased and during the Period we have added a number of major customers and are now seeing consistent monthly growth in Tools supplied into the North American automotive and aerospace sector. We have signed distribution contracts covering the important North-East Corridor

and the West Coast and these distributors are working alongside the sales team to promote our Tools. We are confident that we will be able to continue to increase both our user base and the range of tooling geometries that we are supplying to existing customers. We also consider that the wider developments within the ceramic cutting tool sector should allow us to build a significant tooling business that will broaden our strategic options for this unit.

During the pandemic we stated that we were to look to diversify beyond our traditional markets, and in the last two years have signed two non-exclusive sales agreements with Chinese companies and entered into less formal trading arrangements with several others. Whilst progress has been slower than expected, with the recent relaxation in China's zero covid policy, we anticipate more sales to China in the medium term.

The Company agreed an exclusive UK distribution contract for CeramycGuard™ in 2020. Haydale continues to work closely with a number of UK water utilities and wider concrete infrastructure parties and was pleased to recently announce a trial by United Utilities at its Oldham wastewater facility. We are hopeful that the six month trial will demonstrate the long term cost savings that the service life extension shown by CeramycGuard™ can deliver to concrete assets. We expected to receive DWI 31 (Clean Water) Accreditation during the Period, but due to delays outside of our control we are still awaiting the final evaluation, and now anticipate a decision during the current period. Whilst clean water accreditation is important in securing sales of CeramycGuard™, we continue to focus on the substantial wider market which includes sewage treatment facilities, bridges, car parks and other concrete structures.

Asia Pacific "APAC"

Our Thailand business unit is working on some exciting research projects, one of which is looking at the commercial feasibility of using functionalisation to upcycle waste products for use in battery and other applications. Further to the letter of intent with Graphene Creations, an associate company of Vittoria, referred to in our Annual Report released in October 2022, we are still assessing the merits of combining our technical knowledge and resources with their contacts within the Thai industrial community, and we anticipate that the parties will reach a decision on whether to proceed shortly.

We have made positive progress in South Korea and are working with several parties at an early product development stage. We anticipate that some of these collaborations will transition into material supply contracts in the current period and, specifically that our earlier work with NeoEnpla on their biodegradable barrier plastic bags suitable for the food industry, will afford more opportunities in the medium term. iCraft has now confirmed that it will refocus on its core operations and we remain in constructive dialogue with them in respect of their contractual obligations.

Grant Funded Projects

Haydale has been working on a number of grant funded projects in the Period. We highlight two projects that are focused on reducing the barriers to wider commercial adoption of graphene and which recognise our expertise in the characterisation of graphene.

- Iso GScope – a project led by the National Physical Laboratory, aims to validate and standardise measurement and characterisation methods for graphene in powders and liquid dispersions used in industrial applications. By overcoming the "what is my material?" barrier by creating well-characterised graphene structures, the project should facilitate the wider adoption of graphene by industry; and
- Accords – an Horizon Europe project, with Haydale playing a key role in developing imaging techniques to characterise 2D materials to make the process of selection easier. This is the first time that an extensive programme will look to standardise the characterisation of 2D materials with the aim of adoption by standardisation bodies such as ISO. This will also be an important milestone in defining the safe use of nano materials as industry continues to adopt this technology at speed.

As previously set out, the Company only seeks to focus on grant projects that have a clear commercial pathway or add significantly to the Group's knowledge bank. The projects detailed are practical examples of this ethos as are the other grants and awards that we have worked on in the Period.

Business Investment

Haydale made a significant investment in FY2022 in expanding its manufacturing capacity. The new HT1400 plasma reactor, alongside ancillary equipment, has significantly increased the Company's functionalisation and ink handling capacity. During the Period Haydale has continued to optimise the new reactor and the technologies, such as liquid dosing, which the new reactor has enabled. As signposted, full year capital expenditure will be significantly less than the prior year and we anticipate that spend will remain muted for the medium term.

In tandem with the investment in physical capacity, the Company has focussed on raising the operational capability across our sites. This process commenced during FY2022 and identified the need for additional skills and resources in key functional areas and the requirement for more robust operating systems to provide a solid foundation for growth. The Directors are pleased that this investment is now being rewarded with the increase in US sales, and also the positive feedback from customers who are seeking graphene partners who can meet their volume requirements without compromising quality assurance standards. Although this investment increased our overheads in FY2022 and also in this Period, the strategy has been both necessary and, with respect to the US operation, has started to bear fruit. We do anticipate that the operational capability now in place is sufficient to deliver the anticipated revenue growth and that cost growth should reduce going forwards.

Unaudited Financial Results

The Group's recognised commercial income in the Period was £1.78 million (FY H1 2022 £1.19 million).

During FY2022, the Directors increased the operational capability of the business to ensure it had appropriate resource to achieve its strategic objectives. In this Period we are seeing the impact of that investment and Total Adjusted Administrative Expenses increased to £3.02 million (H1 FY2022 £2.55 million).

The Group's adjusted operating loss was £1.89 million (H1 FY2022 £1.75 million) and the Loss before taxation was £3.38 million (H1 FY2022 £2.46 million). As noted below, the Loss before Taxation was adversely impacted by fund raising costs and increased non cash share based payment expenses relating to the warrants issued. Capital expenditure in H1 FY2023 was £0.16 million (H1 FY22: £0.02 million).

The Group's net assets at 31 December 2022 were £9.86 million (31 December 2021: £9.30 million). The Group's borrowings marginally increased by £0.05 million during the Period to £1.37million at the Period end (30 June 2022: £1.32 million). Cash at the Period end was £2.97 million (30 June 2022: £3.84million). Negative operating cash flow before working capital changes was £1.84 million (H1 FY2022 £1.71 million). A negative working capital movement of £1.28 million (H1 FY2022 £0.14 million) meant that Cash Used in Operations was £(3.12) million (H1 FY2022 £(1.58) million).

The Company raised £5.14 million (net) via the issue of 275,526,784 new ordinary shares in September 2022 at an issue price of £0.02 each (the "Fund Raise"). As the Fund Raise was done at the nominal value of the ordinary shares, costs of £0.36 million associated with the Fund Raise have been included in the Profit & Loss rather than the Share Premium account. As at 31 December 2022, and at the date of this announcement, the Company had 785,852,475 ordinary shares in issue.

The Company also issued 138,758,392 Warrants to subscribers in the Fund Raise granting rights to subscribe for 1 additional Ordinary Share for each Warrant held in the ratio of 1 Warrant for every 2 New Ordinary Shares issued. The Warrants are exercisable at a price of 2 pence per Ordinary Share within one year of issue.

Outlook

We believe our functionalized graphene is at the forefront of the fourth industrial revolution in nanoparticle science. It makes materials lighter, stronger and more conductive and can provide the environmentally friendlier solution that many of our customers require. Haydale's patented technology enables the Company to consistently manufacture industrial volumes of graphene and other nano materials to provide an enhanced end product at competitive prices. Whilst its uses are manifold our focus remains on the inks, composites and elastomers where the route to market, speed of adoption and overall market size are such that the business is able to deliver short term revenue growth and sustainable long term returns.

We are pleased to see revenues increase by 50% in the Period and currently remain on track to meet expectations for the financial year. The Board remains confident in the significant potential for the Group at this time and,

moreover, believes that the foundations are now in place that will facilitate the rapid scale up of the business and allow it to realise its potential.

Keith Broadbent
Chief Executive Officer
28 February 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 31 December 2022

	Note	Unaudited Six months ended 31 Dec 2022 £'000	Unaudited Six months ended 31 Dec 2021 £'000	Audited Year ended 30 Jun 2022 £'000
REVENUE		1,782	1,191	2,901
Cost of sales		(841)	(583)	(1,156)
Gross Profit		941	608	1,745
Other operating income		195	194	442
Adjusted Administrative expenses		(3,023)	(2,549)	(5,520)
Adjusted operating loss		(1,887)	(1,747)	(3,333)
Adjusting administrative items:				
Share based payments income/(expenses)		(257)	25	(39)
Depreciation and amortisation		(727)	(618)	(1,308)
Share issue costs		(371)	-	-
Impairment		-	-	(375)
		(1,355)	(593)	(1,722)
Total trading administrative expenses		(4,378)	(3,142)	(7,242)
LOSS FROM TRADING		(3,242)	(2,340)	(5,055)
Total administrative expenses		(4,378)	(3,142)	(7,242)
LOSS FROM OPERATIONS		(3,242)	(2,340)	(5,055)
Finance costs		(138)	(118)	(187)
LOSS BEFORE TAXATION		(3,380)	(2,458)	(5,242)
Taxation		182	182	433
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(3,198)	(2,276)	(4,809)
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations		(22)	13	374
Remeasurements of defined benefit pension scheme		260	30	(109)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(2,960)	(2,233)	(4,544)
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 2022

	Unaudited 31 Dec 2022 £'000	Unaudited 31 Dec 2021 £'000	Audited 30 Jun 2022 £'000
ASSETS			
Non-current assets			
Goodwill	1,131	1,341	1,131
Intangible assets	1,300	1,209	1,312
Property, plant and equipment	7,265	6,564	7,579
	<u>9,696</u>	<u>9,114</u>	<u>10,022</u>
Current assets			
Inventories	1,996	1,343	1,515
Trade receivables	904	347	667
Other receivables	595	629	646
Corporation tax	187	546	427
Cash and bank balances	2,971	3,840	1,186
	<u>6,653</u>	<u>6,705</u>	<u>4,441</u>
TOTAL ASSETS	<u><u>16,349</u></u>	<u><u>15,819</u></u>	<u><u>14,463</u></u>
LIABILITIES			
Non-current liabilities			
Bank loans	1,357	1,311	1,341
Pension obligation	1,030	1,035	1,356
Other payable	2,283	2,463	2,440
	<u>4,670</u>	<u>4,809</u>	<u>5,137</u>
Current liabilities			
Bank loans	11	8	11
Trade and other payables	1,709	1,622	2,199
Deferred income	104	76	68
	<u>1,824</u>	<u>1,706</u>	<u>2,278</u>
TOTAL LIABILITIES	<u><u>6,494</u></u>	<u><u>6,515</u></u>	<u><u>7,415</u></u>
TOTAL NET ASSETS	<u><u>9,855</u></u>	<u><u>9,304</u></u>	<u><u>7,048</u></u>
EQUITY			
Capital and reserves attributable to equity holders of the parent			
Share capital	15,717	10,206	10,207
Share premium account	31,912	31,922	31,912
Share-based payment reserve	501	180	244
Retained (deficits)	(38,241)	(32,631)	(35,303)
Foreign exchange reserve	(34)	(373)	(12)
TOTAL EQUITY	<u><u>9,855</u></u>	<u><u>9,304</u></u>	<u><u>7,048</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 31 December 2022

	Unaudited Six months ended 31 Dec 2022 £'000	Unaudited Six months ended 31 Dec 2021 £'000	Audited Year ended 30 Jun 2022 £'000
Cash flow from operating activities			
Loss after taxation	(3,198)	(2,276)	(4,809)
<i>Adjustments for:-</i>			
Amortisation of intangible assets	145	116	607
Depreciation of property, plant and equipment	584	502	1,076
Share-based payment (income)/charge	257	(25)	39
Profit on disposal of plant and equipment	-	-	8
Finance costs	137	118	188
Pension plan contributions	39	29	-
Pension - net interest expense	3	4	(92)
Share issue costs	371	-	-
Taxation	(182)	(182)	(433)
	<u>(1,844)</u>	<u>(1,714)</u>	<u>(3,416)</u>
Operating cash flow before working capital changes			
(Increase) in inventories	(481)	(15)	(187)
(Increase)/decrease in trade and other receivables	(185)	333	(4)
(Decrease)/increase in payables and deferred income	(610)	(179)	435
Cash used in operations	<u>(3,120)</u>	<u>(1,575)</u>	<u>(3,172)</u>
Income tax received	423	-	371
Net cash used in operating activities	<u>(2,697)</u>	<u>(1,575)</u>	<u>(2,801)</u>
Cash flow used in investing activities			
Purchase of property, plant and equipment	(159)	(22)	(996)
Capitalisation of intangible assets	(132)	(151)	(340)
Net cash used in investing activities	<u>(291)</u>	<u>(173)</u>	<u>(1,336)</u>
Cash flow used in financing activities			
Finance costs	(77)	(59)	(63)
Finance cost – right of use asset	(60)	(60)	(125)
Payment of lease liability	(296)	(241)	(548)
Proceeds from issue of share capital	5,511	5,103	5,103
Share issue costs	(371)	(300)	(309)
New bank loans raised	40	451	454
Repayments of borrowings	(26)	(887)	(842)
Net cash flow from financing activities	<u>4,721</u>	<u>4,007</u>	<u>3,670</u>
Effects of exchange rate changes	52	(63)	9
Net increase in cash and cash equivalents	1,785	2,196	(458)
Cash and cash equivalents at beginning of the financial period	1,186	1,644	1,644
Cash and cash equivalents at end of the financial period	<u><u>2,971</u></u>	<u><u>3,840</u></u>	<u><u>1,186</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital	Share premium	Share- based payment reserve	Foreign exchange reserve	Retained profits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2021	8,505	28,820	250	(386)	(30,430)	6,759
Total comprehensive loss for the period	-	-	-		(2,276)	(2,276)
Other comprehensive loss				13	30	43
Recognition of share-based payments	-	-	(25)	-	-	(25)
Share based payment charges – Lapsed options	-	-	(45)	-	45	-
Issue of ordinary share capital	1,701	3,102	-	-	-	4,803
At 31 December 2021	10,206	31,922	180	(373)	(32,631)	9,304
Total comprehensive loss for the period	-	-	-	-	(2,533)	(2,533)
Other comprehensive profit				361	(139)	222
Recognition of share-based payments	-	-	64	-	-	64
Issue of ordinary share capital	1	(10)	-	-	-	(9)
At 30 June 2022	10,207	31,912	244	(12)	(35,303)	7,048
Total comprehensive loss for the period	-	-	-	-	(3,198)	(3,198)
Other comprehensive loss	-	-	-	(22)	260	238
Recognition of share-based payments	-	-	257	-	-	257
Issue of ordinary share capital	5,510	-	-	-	-	5,510
At 31 December 2022	15,717	31,912	501	(34)	(38,241)	9,855

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 2022

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 2022 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 2022.

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 2022 does not constitute the full statutory accounts for that period. The Annual Report and Accounts for 30 June 2022 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for 2022 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 interim financial statements to the end of February 2024. These forecasts sit within the Group's latest estimate and within the longer-term financial plan, both of which are updated on a regular basis. The Directors remain mindful of the impact that the risks and uncertainties set out on page 9 of the Annual Report and Accounts for the year ended 30 June 2022 may have on these estimates.

After due consideration of the forecasts prepared, the Group's current cash resources, the repayment profile of its debt facilities, and its ability to potentially access additional debt and equity 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.

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 2022 £'000	Unaudited Six months ended 31 Dec 2021 £'000	Audited Year ended 30 Jun 2022 £'000
Loss after tax attributable to owners of the Haydale Graphene Industries Group	(3,187)	(2,276)	(4,809)
Weighted average number of shares:			
- Basic and Diluted	673,549,438	472,892,608	483,770,289
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 2022 interim financial statements were approved by a duly appointed and authorised committee of the Board of Directors on 28 February 2023.