

Chairs 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 2022 ("FY22").

The Group continued to make positive progress during the year on its journey to delivering sustainable commercial revenues. During H2 FY22 we saw positive sales development, especially within the UK operations, and we anticipate that this momentum will continue into the current financial year.

Summary financials

Commercial revenue for FY22 of £2.90 million (FY21: £2.90 million) remained in line with the prior year which was a robust performance given the exceptional support that we received from our largest customer in FY21. Gross profit marginally reduced to £1.75 million (FY21: £1.98 million) delivering a gross profit margin of 60.0% (FY21: 68.2%) broadly in line with prior year. Other operating income for the year of £0.44 million (FY21: £0.58 million) was lower than the prior year but this reflected the £0.14 million federal support received by our US subsidiary in FY21. Adjusted administrative expenses increased by £0.80 million (16.9%) to £5.52 million (FY21: £4.72 million). Total Administrative Expenses were £7.24 million (FY21: £6.11 million). Loss for the year was £4.81 million (FY22: £3.41 million).

Operational Highlights

The Group made good progress towards its longer-term goals in the year. The priorities of delivery of commercial revenue, focussed investment in our physical and human capacity and development of our technology remains central to our strategy.

During the year we successfully commissioned the new HD-Plas® HT1400 plasma reactor which allows us to manufacture functionalised nanomaterials on an industrial scale. In tandem with bringing that capacity on stream we continued to invest in our technical development and submitted a patent for the use of liquid doping technology which will allow us to extend the scope of the enhancements we can bring to products such as our conductive inks. We looked to further strengthen our teams across all Group sites and invested in sales, marketing, quality and production resource to ensure that we are in a position to scale up our operations safely and effectively.

The principal trading impact on the Group of Covid-19 since early 2020 has been the slowdown in the global aviation sector which has reduced demand for the SiC and the ceramic cutting tools produced by our US facility. In H2 FY22 we saw demand for these products begin to recover, and our finished tools are gaining commercial traction within the North American aerospace and automotive sectors.

Staff

I would like to thank the executive management team who continue to drive the difficult transition from an R&D focused organisation to a sustainable commercial operation. I would also like to thank our staff for their continued resilience and flexibility, and it is through their endeavours that we have been able to make the progress that we have in the year.

Funding

On 12 September 2022, the Company completed an equity placing and open offer raising £5.51 million (gross) and I would like to welcome our new shareholders and to thank our existing shareholders for their continued support, especially so against the backdrop of a more turbulent economic landscape.

Outlook

During the year we made significant investments in both our functionalisation capacity and in the wider team that allows us to deliver sustainable revenues for the Company. With the fundamental building blocks in place, the Board remains confident that the Company will be able to take advantage of the commercial traction it is seeing.

David Banks

Chair
5 October 2022