

# 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 2023 ("FY23").

The Group continued to make positive progress during the year on its journey to delivering sustainable commercial revenues. The US operation in particular saw a strong bounce back in FY23 and, with its continued progress into the manufacture of SiC cutting tools, is increasingly well positioned to deliver strong growth moving forwards. The UK operation has started to see the seeds planted in FY22 begin to come through in the second half of FY23 and post year end period as we entered into a number of agreements that we believe will form the bedrock of strong business partnerships going forwards to take our offerings to the wider market. We anticipate the momentum across both the nanomaterial and SiC markets will continue into the current financial year.

## Summary financials

Commercial revenue for FY23 of £4.30 million (FY22: £2.90 million) was up by 48.3% on prior year. Gross profit margin was slightly down due to sales mix at 56% (FY22: 60%) resulting in a gross profit of £2.39 million (FY22: £1.75 million). Other operating income for the year of £0.38 million (FY22: £0.44 million) was in line with last year after adjusting for US Covid support received in FY22. Adjusted administrative expenses increased by £0.74 million (13.4%) to £6.26 million (FY22: £5.52 million) primarily related to the full year impact of FY22 planned investment in resource resulting in an adjusted operating loss of £3.49 million (FY22: £3.33 million). Total administrative expenses were £8.93 million (FY22: £7.24 million) as a result of the above plus a number of additional non-trading items, namely increase in share-based payments charges of £0.55 million and an increase in depreciation and impairment of £0.40 million. Loss for the year was £6.17 million (FY22: £4.81 million).

## Operational Highlights

The Group made good progress towards its longer-term goals in the year as the Company consolidated its position bringing increased focus onto its core offerings and laying the foundations for continuing growth in FY24 and beyond. The priorities of delivery of commercial revenue, focused investment in our physical and human capacity and development of our technology remains central to our strategy.

During the year we continued to optimise and extend the functionality of the HDPlas® HT1400 plasma reactor acquired in 2022 which allows us to manufacture functionalised nanomaterials on an industrial scale. With that assurance, we have further developed our collaborations with industry partners who, due to their market reach or capability, are potentially able

to help take our products to market. We have also concluded commercial project arrangements with several nanomaterial producers and end customers where our HDPlas® process can bring additional value to their end customers.

The SiC and ceramic cutting tools produced by our US facility saw growth in their core aerospace and automotive markets. We started to roll out a regionalised manufacturer's representative strategy towards the end of FY23 which is already showing signs of generating improved commercial traction within the North American steel mill, aerospace and automotive sectors for our finished tooling. We anticipate this will increase further during the current financial year as additional distribution agreements are concluded.

## Staff

I would like to thank our staff for their continued support and flexibility, as their efforts are key to us 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 3 October 2023, the Company completed an equity funding of £5.1 million (gross) and I would like to welcome our new shareholders and to thank our existing shareholders for their continued support.

## Outlook

We have made important progress in our next planned steps as a business by forging commercial partnerships and collaborations with leading organisations that the Board believe will ultimately help lead to commercial success. With the fundamental building blocks in place and continuing progress in our key markets, the Board remains confident that the Company will be able to take advantage of the traction it is now seeing.

## David Banks

Chair

25 October 2023