

Strategic Report

The directors present their Strategic Report for the year ended 30 June 2024.

PRINCIPAL ACTIVITIES

Haydale has three principal activities:

- The plasma functionalisation of nanomaterials for third party applications through our patented HDPlas® process;
- The development, manufacture and sale of products using plasma functionalised nanomaterials; and
- The manufacture and sale of proprietary silicon carbide (“SiC”) whisker powders and high wear resistant cutting tools for use primarily in the aerospace and automotive industries.

These activities are explained in more detail on page 1 and pages 4 to 6 below. The nanomaterial business activities are based in the UK. The SiC and advanced tooling activities are based in North America with a sales reach into Europe and the far East.

As noted in the Chair’s statement and following the recent fundraise, the Company has announced a review of all aspects of the business with the aim of accelerating the business achieving a positive EBITDA position. This may result in a number of activities that have been historically pursued and reported on below being reprioritised.

At 30 June 2024, the Group had the following operational activities across its five facilities.

<i>Haydale subsidiary</i>	<i>Location</i>	<i>Principal activities</i>
Haydale Limited	Ammanford, Wales	Specialist plasma functionalisation and manufacturing facility producing inks, resins, fluids and masterbatches to be used in composites and polymers for direct sales to customers and for transfer to other Group sites.
Haydale Composite Solutions Limited (“HCS”)	Loughborough, England	Sales of masterbatch and pre-preg composites, elastomers, other nanomaterials and the provision of advanced consulting.
Haydale Technologies (Korea) Limited (“HTK”)	Seoul, South Korea	Dedicated sales office servicing the fast-moving South Korean and other APAC markets.
Haydale Technologies (Thailand) Company Limited (“HTT”)	Bangkok, Thailand	Sales office servicing the APAC region with plasma functionalisation and R&D capability.
Haydale Technologies, Inc. and its wholly owned subsidiary Haydale Ceramic Technologies LLC (“HCT”)	Greer, SC, USA	SiC and cutting tool manufacturing facility with sales office serving the North American, European and East Asian markets.

BUSINESS MODEL

The Group’s business model is based on the following revenue strands:

- Sale of plasma functionalised material in powder, ink, masterbatch, or pre-preg format;
- Sale of own and third-party products which align with our principal activities or customer base;
- Lease of bespoke plasma reactors with appropriate licencing for use of the patented HDPlas® functionalisation process for specific applications; and
- Strategic partnerships with industry players through whom products and plasma functionalised material can be taken to market;
- Consultancy focusing on potential enhancements that our product range and engineering knowledge bring to customer applications, with intent of securing longer term supply agreements; and
- Sale of SiC microfibres and whiskers, SiC tooling, ceramic blends and ceramic blanks to the aerospace, automotive and steel mill sectors and the coatings industry.

Strategic Report (continued)

COMMERCIAL OVERVIEW

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 large house builder 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

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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

The Financial Review should be read in conjunction with the consolidated financial statements of the Group and the notes thereto. The consolidated financial statements are presented under International Financial Reporting Standards and are set out on pages 29 to 61. The financial statements of the Company continue to be prepared in accordance with FRS 101 and are set out on pages 62 to 69.

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 (See note 4, Segmentation Analysis).

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 £6.35 million (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, as described in Note 10 (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 million¹ (FY23: £1.52 million¹), of which £0.50 million was capitalised (FY23: £0.42 million). During the year the Group claimed R&D

tax credits of £0.24million (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 the 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 £6.1188 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.

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

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Capital Structure and Funding

On 3 October 2023, the Company raised £5.1 million (gross) through the placing, open offer and subscription of 1,012,609,000 new Ordinary Shares at 0.5 pence per share. Save for 576 shares issued following an exercise of warrants on 13 September 2023, all other warrants issued following the fundraising on 13 September 2022 of 138,758,392 lapsed on 14 September 2023 and are no longer exercisable. Consequently, 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 bounceback 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.

SECTION 172(1) STATEMENT

The Directors acknowledge their duty under s.172 of the Companies Act 2006 ("s.172") and consider that they have both individually and together acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the matters set out in s.172.

The Directors have set out the ways in which they look to fulfil their duties in the year at section 3 of the Chair's Corporate Governance Statement on page 14.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board considers that the principal risks and uncertainties facing the Group may be summarised as follows:

Timely Adoption of the Group's Products

While the Group makes every effort to establish realistic timelines for customer engagement, testing and purchasing of Haydale's products, there are often unforeseen delays (by both parties) in forecasting the commencement of sales. There may be regulatory hurdles to overcome and end-customer risk aversion in accepting a new nanomaterial enhanced product or other competitive considerations. The focus on commercial product sales remains an absolute priority, notwithstanding that the timing and adoption of Haydale's newly developed product lines remains difficult to predict.

Financing Risk

Until such time as the Group is profitable and cash flow generative, it will periodically need to raise additional funding to cover its ongoing working capital needs. The Group may be unable to access additional debt or equity capital or to raise funds on acceptable terms. In the event that the resources available to the Group are insufficient then this could have a materially adverse impact on the implementation of the Group's strategy, operations and financial status. The Group mitigates this risk by active engagement with its major shareholders, advisers and bankers.

Scaling to Meet Demand Risk

Whilst the Group has put measures in place to try and ensure it has the capacity to meet US tooling demand as its pipeline of opportunities are converted, there remains a risk that sales are secured for orders that cannot be met on a timely basis either due to constraints in the Group's own manufacturing capacity or that of the wider supply chain. The US operation looks to mitigate that risk by maintaining a number of sources of overflow production capacity where possible and good relationships with both its customers and supply chain.

Intellectual Property Risk

The Group's success will depend in part on its ability to continue to innovate to keep itself ahead of the competition, especially in and around plasma functionalisation, and maintain adequate protection of its resulting IP portfolio, covering its manufacturing

process, additional processes, products and applications. The IP on which the Group's business is based is a combination of granted patents, patent applications and confidential know-how.

Internal procedures and controls are in place to capture and exploit all generated IP as well as to protect, limit and control disclosure to third parties and partners. The Group aims to mitigate any risk that any of the Group's patents will not be held valid if challenged, or that third parties will claim rights in, or ownership of, the patents and other proprietary rights held by the Group through general vigilance, regular international IP searches as well as monitoring activities and regulations for developments in copyright/intellectual property law and enforcement. The Group retains third party professional experts to advise and assist on all matters relating to IP.

Information and Communications Technology ("ICT") Risk

The inability to access data for a period of time either due to systems failures or the unauthorised intervention of malicious parties may severely impact the Group's ability to conduct its day-to-day business, lead to the loss of sensitive information or result in loss of funds in a ransomware attack. The Group aims to mitigate these threats by maintaining a third-party ICT support agreement with a respected contractor, ensuring industry standard cyber security procedures are followed, setting out clear internal procedures for communicating potential ICT breaches and by providing adequate staff training on the cyber security risk that all users face. In the event that these procedures are inadequate the Group maintains a business continuity plan with our service provider that covers longer term denial of access.

Dependence on Key Personnel

The Group's business, development and prospects are dependent upon the continued services and performance of its Directors and other key executives. The experience of the Group's personnel helps provide the Group with a competitive advantage. The Directors believe that the loss of services of any existing key executives, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Group. The Group aims to mitigate this risk by providing well-structured and competitive reward and benefit packages that allow it to attract and retain key employees.

Health and Safety

Many of the Group's products are advanced materials that are nano in size and, although there is little actual evidence of any health risks associated with the handling of the Group's products, there is a theoretical risk that the Group's products could be a danger to health if an individual is exposed to and/or inhales/ingests some of the Group's products. The Group takes health and safety very seriously and manages the potential health and safety risk by regular staff training, well maintained facilities and restricting activities to only certain qualified individuals. The UK facilities are ISO 9001 and ISO 14001 accredited and the Thailand and the US facilities have ISO 9001 accreditation.

A detailed health and safety report is provided to the Board each month and is a standing agenda at scheduled Board meetings.

By order of the Board

Gareth Kaminski-Cook

Chair

29 November 2024