

Applied Graphene Materials plc

Final results

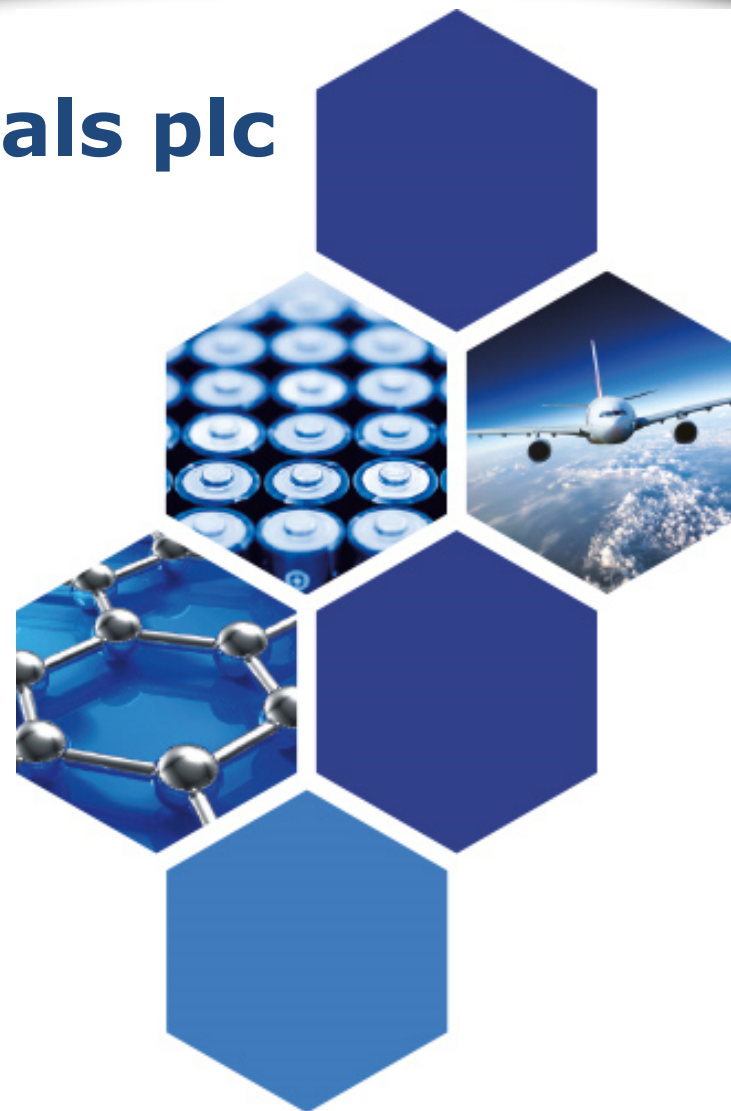
Year ended 31 July 2014

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2014 Operational highlights

- ▶ Focus on improving manufacturing process and enhancing quality and consistency of graphene produced
- ▶ Addition of second reactor to production equipment
- ▶ Growing customer engagement – two repeat material supplies and one customer has now taken three quantities of material for follow up evaluation
- ▶ Two funding projects awarded by Innovate UK to develop graphene in polyester films and transparent electrodes
- ▶ Significantly strengthened teams in technical, operations and business development – current headcount of 30

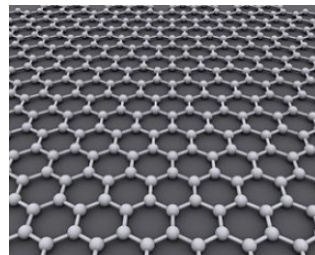
Progress against milestones

- ▶ Admission to AIM in November 2013 raised £11m
- ▶ Investment in our workforce strengthens technical, operations and business development teams and creates a platform for future growth
- ▶ Investment in our production equipment has improved consistency and quality of graphene produced – addition of a second reactor enhances capacity
- ▶ Investment in our workforce and production equipment supports growing in depth customer engagement and sampling

2014 Financial overview

	2014	2013
	£'000	£'000
▶ Revenue & other income	18	11
▶ EBITDA loss	(2,280)	(767)
▶ Loss before tax	(2,662)	(770)
▶ Basic & diluted EPS	(17.9p)	(8.4p)
▶ Adjusted diluted EPS	(15.3p)	(8.4p)
▶ Cash at bank	8,477	460
▶ Capital expenditure	289	8

Graphene – a reminder



Unsurpassed properties

Mechanical

100x stronger than steel
Stiffer than diamond

Electrical

1,000,000x current density of copper
60% > conductivity than copper, silver

Thermal

5x conductivity of aluminium
3x conductivity of diamond

Optically transparent

~98% optical transmission

Impermeable

Vacuum tight to helium gas

Lubricating

Low surface shear

“set to become the wonder material of the 21st century”
(European Commission, 2013)

“a miracle in the material world”
(Daily Telegraph, August 2013)

“a sheet as thin as cling film could support an elephant”
(Daily Mail, October 2011)

“the nano-sized material with a massive future”
(CNN, April 2013)

End markets



Sporting equipment



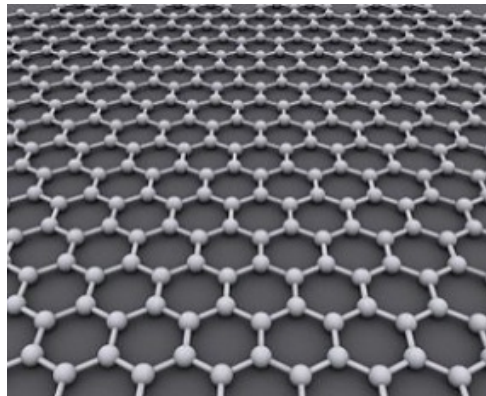
Flexible electronics and ITO



Functional fluids



Super capacitors & batteries



Barriers, films & thermal management



Coatings



Consumer goods



Advanced composites

Market landscape

- ▶ Development of real world commercial applications for graphene
- ▶ Differing graphene production techniques
- ▶ Differing qualities of graphene
- ▶ Available manufacturing capacity
- ▶ Competitive landscape
- ▶ Data generation
- ▶ National and international government investment programmes

Strategy – value added products



Graphene nanoplatelets



Intermediate



Basic Material



Products



Customers



Improving the performance of our customers' materials and products

Customer engagement

Initial engagement

> 300 initial customer contacts

- Advanced composites
- Coatings
- Functional fluids
- Automotive
- Aerospace
- Metallurgy
- Electronics
- Semiconductors
- Inks and printing
- Energy

Prioritisation of opportunity - NDA

Companies including:

- Leading aerospace company
- Major chemicals producer
- Polymer manufacturer
- Military supplier
- Supercapacitor producer

Ongoing collaboration (in several formats) and data generation

Supply of trial sample quantities of graphene dispersions primarily into our core target market sectors

Repeat sample supplies

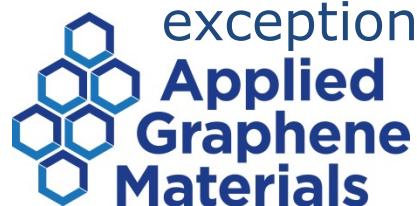
Growing global commercial interest in graphene

Operational priorities

- ▶ Ongoing optimisation of quality and quantity of graphene produced through process development
- ▶ Supporting in depth customer engagement
- ▶ Increasing the rate and volume of customer sampling
- ▶ Focus on formatted dispersions rather than raw material supply
- ▶ Detailed data generation for target market sectors
- ▶ Increasing manufacturing capacity ahead of global demand
- ▶ Meaningful engagement with institutional and public

Income statement summary

- ▶ Investment in headcount and business infrastructure
- ▶ Operating costs higher in 2015 & 2016
- ▶ Exceptional costs relate to AIM admission
- ▶ Adjusted diluted EPS calculated before exceptional costs



	2014	2013
	£'000	£'000
Revenue	4.0	11.4
Other income	13.8	-
	17.8	11.4
Cost of sales	(160.7)	-
Gross (loss)/profit	(142.9)	11.4
IFRS 2 share based payments	(57.7)	(23.9)
Operating expenses	(2,514.2)	(757.5)
EBITDA	(2,279.5)	(766.9)
Exceptional costs	(393.6)	-
Depreciation	(41.7)	(3.1)
Operating loss	(2,714.8)	(770.0)
Net finance income	53.2	0.3
Loss before tax	(2,661.6)	(769.7)
Tax on loss	9.9	19.9
Loss for the period	(2,651.7)	(749.8)
Diluted EPS (pence)	(17.9)	(8.4)
Adjusted diluted EPS (pence)	(15.3)	(8.4)

Cash flow summary

- ▶ Net £10m placing proceeds placed on deposit for maturities of less than one year
- ▶ Increase in creditors reflects activity growth
- ▶ Purchase of laboratory equipment & plant improvements

	2014	2013
	£'000	£'000
Operating loss	(2,714.8)	(770.0)
Depreciation	41.7	3.1
IFRS 2 Share based payments	57.8	23.9
Net working capital movement	392.3	(7.4)
Cash used in operations	(2,223.0)	(750.4)
Interest received	18.8	0.3
Tax received	7.6	22.2
Capital expenditure	(289.1)	(7.5)
Free cash flow	(2,485.7)	(735.4)
Proceeds from issue of shares	10,502.5	723.5
Opening cash at bank	460.0	471.9
Cash at bank	8,476.8	460.0

Summary and outlook

- ▶ Solid progress made to date
- ▶ Strengthened resources with critical mass of expertise now in place across technical, operations and sales teams
- ▶ Ongoing development of manufacturing and dispersion processes
- ▶ Development of new customer relationships and provision of samples

Remain well placed to meet growing global appetite for graphene