Overview of progress

► Record period for customer evaluation – Q4 in FY15 exceeded all others combined – momentum accelerating in Q1 FY16

► Customer evaluations, many with market leading organisations, being converted into formal collaborations

► Strong toolbox of technology and know how developed for manufacturing and formatting graphene – essential for success

FY15 was a year of significant progress
## 2015 Financial overview

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Revenue &amp; other income</td>
<td>101</td>
<td>18</td>
</tr>
<tr>
<td>EBITDA loss</td>
<td>(3,860)</td>
<td>(2,279)</td>
</tr>
<tr>
<td>Loss before tax</td>
<td>(4,000)</td>
<td>(2,662)</td>
</tr>
<tr>
<td>Basic &amp; diluted EPS</td>
<td>(22.9p)</td>
<td>(17.9p)</td>
</tr>
<tr>
<td>Adjusted diluted EPS</td>
<td>(22.4p)</td>
<td>(15.3p)</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>4,709</td>
<td>8,477</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(385)</td>
<td>(289)</td>
</tr>
<tr>
<td>Cash used in operations</td>
<td>(3,589)</td>
<td>(2,223)</td>
</tr>
</tbody>
</table>
Graphene and market developments

- **Mechanical**
  - 100x stronger than steel
  - Stiffer than diamond

- **Lubricating**
  - Low surface shear

- **Impermeable**
  - Vacuum tight to helium gas

- **Electrical**
  - 1,000x current density of copper
  - 60% better electrical conductivity than copper or silver

- **Thermal**
  - 5x thermal conductivity of aluminium
  - 3x thermal conductivity of diamond

- **Transparent**
  - ~98% optical transmission

- **Chemical**
  - Inert, yet can be modified

- Complex area of technology and expertise
- Graphene is difficult to both produce and disperse
- Significant know-how required to be able to format graphene for end products
- “One of the most disruptive materials of the 21st Century”

**Market opportunity significant and AGM is still very well positioned**
Strategy – value added products

Proprietary manufacturing and formatting expertise

Graphene nanoplatelets

Graphene dispersion

Basic material

Collaboration

Core target markets

Functional fluids

Coatings

Polymers & composites

Customers

Graphene formatted for specific customer applications to improve product performance
Commercial relationships

- Broad range of in-house, customer and independent test results generated that has supported accelerated customer engagement
- Pace of progress has increased through FY15 – momentum accelerating in Q1 FY16
- Opportunities converting into joint development agreements and programmes to deliver end applications and products
- Commercial sensitivity generally means strict confidentiality, but new named collaborations with Millers Oils and Puralube
- Production orders dependent on period to qualification, approval and adoption, with near term opportunities from early adopters
Customer engagement

Initial engagement

Measured prioritisation of opportunity

Ongoing collaboration (in several formats) and data generation

> 800 initial customer contacts including:
- Composites
- Polymers
- Coatings
- Functional fluids
- Automotive
- Aerospace
- Metallurgy
- Electronics
- Semiconductors
- Inks and printing
- Energy

c250 active companies including:
- Consumers goods – Dyson, P&G
- Chemicals and polymer manufacturers – DuPont Teijin
- Printed electronics – PolyPhotonix
- Oils & lubricants – Millers Oils, Puralube

> 120 samples provided:
Supply of sample quantities of graphene dispersions primarily into three core target market sectors

Current position: (numbers undisclosed due to sensitivity)
JDAs, application development work, repeat supplies and pre-production sampling

Leading to first production orders

Relationships broadening and deepening
Adoption of graphene – expected evolution

**Near term**

- Early adopters seeking multiple benefits of graphene
- “Plug and play” into existing processes or with minimum change
- Markets with long term growth potential

**Longer term**

- Step change technologies
- Radical change to manufacturing processes and supply chains
Collaborations – polymers

- On-going engagement with DuPont Teijin Films to evaluate the use of graphene within polyester films for multiple applications, and with Dyson and P&G for injection moulded and extruded plastics

- Confidential engagements with leading consumer brands for inclusion within key components to increase product performance

- Potentially short lead times to adoption
Collaborations – composites

► NATEP funded project, working with AMRC with Boeing, for the development of novel graphene processing and deployment techniques into aerospace composites and polymers

► Working with Formula 1 team to improve toughening of impact structures

► Collaboration to promote pre-impregnated graphene composites into sports goods, automotive and aerospace
Collaborations – functional fluids

► Collaboration with Millers Oils for fuel and oil additives

► Collaboration with Puralube to develop sustainable base oil products:
  ► lower CO2 output;
  ► improve machine performance;
  ► reduced friction
Collaborations – paints & coatings

► Working with two world leaders to develop high-performance barrier coatings.

► Potential use in a broad range of industries to increase corrosion protection and toughness, reduce wear and improve anti-fouling properties via particulate lubricity

► Evaluation for use in automotive sector for vehicle protection coating toughened against stone chips
Development of manufacturing capacity

- Significant know-how, understanding and ability has been built up – specialists will lead this market
- Graphene’s properties are influenced by methods and conditions of manufacture – complex area requiring know-how
- Ongoing investment in complementary and IP protected production techniques (patents filed; Japanese patent granted)
- Delivery of specific property enhancements
Proprietary production processes

Feedstock
- Liquid
- Solid
  - Readily available
  - Low cost
  - Recyclable

Production
- Reactor unit
  - Scalable

Processing
- Washing & drying
  - Scalable
- Multiple dispersion techniques
  - Value-added products
  - Ease of handling

Applied Graphene Materials
### Income statement summary

- **Full year effect of investments in production, headcount and infrastructure**
- **Costs accelerated to support ongoing developments**
- **Adjusted diluted EPS excludes exceptional costs**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>41</td>
<td>4</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>60</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>101</td>
<td>18</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(341)</td>
<td>(161)</td>
</tr>
<tr>
<td><strong>Gross loss</strong></td>
<td>(240)</td>
<td>(143)</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>(3,822)</td>
<td>(2,572)</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>(3,860)</td>
<td>(2,279)</td>
</tr>
<tr>
<td><strong>Exceptional costs</strong></td>
<td>(91)</td>
<td>(394)</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>(111)</td>
<td>(42)</td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>(4,062)</td>
<td>(2,715)</td>
</tr>
<tr>
<td><strong>Net finance income</strong></td>
<td>62</td>
<td>53</td>
</tr>
<tr>
<td><strong>Loss before tax</strong></td>
<td>(4,000)</td>
<td>(2,662)</td>
</tr>
<tr>
<td><strong>Tax on loss</strong></td>
<td>100</td>
<td>10</td>
</tr>
<tr>
<td><strong>Loss for the period</strong></td>
<td>(3,900)</td>
<td>(2,652)</td>
</tr>
<tr>
<td><strong>Diluted EPS (pence)</strong></td>
<td>(22.9)</td>
<td>(17.9)</td>
</tr>
<tr>
<td><strong>Adjusted diluted EPS (pence)</strong></td>
<td>(22.4)</td>
<td>(15.3)</td>
</tr>
</tbody>
</table>
Increase in creditors reflects activity growth
Purchase of laboratory equipment & plant improvements

<table>
<thead>
<tr>
<th></th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating loss</td>
<td>(4,062)</td>
<td>(2,715)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>111</td>
<td>42</td>
</tr>
<tr>
<td>IFRS 2 Share based payments</td>
<td>156</td>
<td>58</td>
</tr>
<tr>
<td>Net working capital movement</td>
<td>206</td>
<td>392</td>
</tr>
<tr>
<td><strong>Cash used in operations</strong></td>
<td><strong>(3,589)</strong></td>
<td><strong>(2,223)</strong></td>
</tr>
<tr>
<td>Interest received</td>
<td>82</td>
<td>19</td>
</tr>
<tr>
<td>Tax received</td>
<td>111</td>
<td>8</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(385)</td>
<td>(289)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>(3,781)</strong></td>
<td><strong>(2,485)</strong></td>
</tr>
<tr>
<td>Proceeds from issue of shares</td>
<td>13</td>
<td>10,502</td>
</tr>
<tr>
<td>Opening cash at bank</td>
<td>8,477</td>
<td>460</td>
</tr>
<tr>
<td><strong>Cash at bank</strong></td>
<td><strong>4,709</strong></td>
<td><strong>8,477</strong></td>
</tr>
</tbody>
</table>
Summary and outlook

- Excellent progress made
- Significant and enhanced know-how around manufacture and formatting of graphene
- Record period for customer evaluations
- Plans to increase manufacturing capacity
- Remain focused on conversion of collaborations into production orders

Aim is to become global graphene market leader