2014 Operational Highlights

► Admission to AIM in November 2013 raising £11m
► Six new customer collaborations since admission
► Two requests from collaboration partners for additional material supplies
► Increased headcount and strengthened resources in technical, operations and business development
► New patent filing for graphene in processing material
► Appointment of Sean Christie as NED
2014 Financial Overview

- Revenue: £1.5
- EBITDA loss: (£821.7)
- Loss before tax: (£1,216.1)
- Basic & diluted EPS: (9.57p)
- Adjusted diluted EPS: (6.15p)
- Cash at bank: £9,882.6
- Capital expenditure: £225.0
# Graphene – A Reminder

## Unsurpassed properties

| Mechanical        | 100x stronger than steel  
|                   | Stiffer than diamond  
|                   | 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  

- “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
Super capacitors & batteries
Barsriers, films & thermal management
Oils and lubricants
Paints and coatings
Consumer goods
Composites

Applied Graphene Materials
Strategy – Value Added Products

Graphene Nano-platelets

Intermediate

Basic Material

Products

Collaboration Partners

Applied Graphene Materials

6
Partner Base

Engagement

> 100 potential customers contacts
  • Automotive
  • Aerospace
  • Metallurgy
  • Electronics
  • Semiconductors
  • Inks and printing
  • Materials (textiles, composites, coatings, ceramics)
  • Oils and functional fluids
  • Energy

NDAs / Negotiations

Companies including:
  • Leading aerospace company
  • Major chemicals producer
  • Polymer manufacturer
  • Military supplier
  • Supercapacitor producer

Commercial collaborations

Commercial partners including:
  • A top 4 FMCG
  • Leading aerospace company
  • Leading lubricant producer
  • Household goods producer
  • Food packaging

Significant in-bound commercial interest
Operational focus

- Recruitment into technical/scientific, operations and business development functions
- Detailed data generation for target market sectors
- Supporting customer collaborations
- Engagement with institutional and public bodies
- Optimisation of quality and quantity of graphene produced through process development
Income Statement Summary

- Investment in headcount and business infrastructure
- Exceptional costs relate to AIM admission
- Adjusted diluted EPS calculated before exceptional costs and after share options

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
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<tbody>
<tr>
<td>£'000</td>
<td></td>
<td>£'000</td>
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<tr>
<td>Revenue</td>
<td>1.5</td>
<td>4.7</td>
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<tr>
<td>Cost of sales</td>
<td>(40.7)</td>
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<tr>
<td>Gross (loss)/profit</td>
<td>(39.2)</td>
<td>4.7</td>
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<tr>
<td>IFRS 2 share based payments</td>
<td>(21.7)</td>
<td>-</td>
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<tr>
<td>Operating expenses</td>
<td>(1,165.2)</td>
<td>(403.7)</td>
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<tr>
<td>EBITDA</td>
<td>(820.7)</td>
<td>(397.7)</td>
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<td>Non operating exceptional costs</td>
<td>(393.6)</td>
<td>-</td>
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<tr>
<td>Depreciation</td>
<td>(12.2)</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(1,226.1)</td>
<td>(399.0)</td>
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<tr>
<td>Net finance income</td>
<td>9.9</td>
<td>0.1</td>
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<tr>
<td>Loss on ordinary activities before tax</td>
<td>(1,216.2)</td>
<td>(398.9)</td>
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<td>Tax on loss</td>
<td>7.6</td>
<td>-</td>
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<tr>
<td>Loss for the period</td>
<td>(1,208.6)</td>
<td>(398.9)</td>
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<tr>
<td>Diluted EPS (pence)</td>
<td>(9.57)</td>
<td>(4.94)</td>
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<tr>
<td>Adjusted diluted EPS (pence)</td>
<td>(6.15)</td>
<td>(4.83)</td>
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Cash Flow Summary

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

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<tr>
<td>IFRS 2 Share based payments</td>
<td>21.7</td>
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<tr>
<td>Net working capital movement</td>
<td>319.8</td>
<td>4.2</td>
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<tr>
<td>Cash used in operations</td>
<td>(872.4)</td>
<td>(393.5)</td>
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<tr>
<td>Interest received</td>
<td>9.9</td>
<td>0.1</td>
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<tr>
<td>Tax received</td>
<td>7.6</td>
<td>-</td>
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<tr>
<td>Capital expenditure</td>
<td>(225.0)</td>
<td>(4.2)</td>
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<td>Free cash flow</td>
<td>(1,079.9)</td>
<td>(397.6)</td>
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<td>Proceeds from issue of shares</td>
<td>10,502.5</td>
<td>689.1</td>
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<td>Opening cash at bank</td>
<td>460.0</td>
<td>471.9</td>
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<tr>
<td>Cash at bank</td>
<td>9,882.6</td>
<td>763.4</td>
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Summary and Outlook

- Good progress in short period of time
- Focus on building blocks to realise potential
- Key hires made in technical, operations and sales
- Higher profile in target markets
- New customer collaborations
- Continued focus on manufacturing and specialist dispersion processes to support customer collaborations
- Significant intellectual property and know-how

Well placed to meet growing global demand for graphene