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If you sell or transfer or have sold or otherwise transferred all of your Existing Ordinary Shares before 27 January 2021, please immediately forward this document, along with the accompanying reply-paid envelope (for use within the UK only), to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The New Ordinary Shares are only available to qualified investors for the purposes of the Prospectus Directive or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Therefore, the Fundraising does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Rules made by the FCA pursuant to sections 73A(1) and (4) of FSMA and has not been pre-approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body and has not been approved for the purposes of section 21 of FSMA. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules. It is emphasised that no application is being made for the admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List of the United Kingdom Listing Authority.

The Directors, whose names appear on page 1 of this document, accept responsibility, collectively and individually, for the information contained in this circular (including any expressions of opinion). To the best of the knowledge of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that First Admission will occur and dealings will commence in the First Placing Shares on 10 February 2021 or such later date as the Company, N+1 Singer and Allenby Capital may agree in writing, in any event being not later than the Long Stop Date. The Second Admission is subject to, *inter alia*, the passing of the Resolutions at the General Meeting, and it is expected that Second Admission will become effective, and that dealings in the Second Placing Shares, Subscription Shares and PrimaryBid Shares will commence, on or around 15 February 2021 or such later date as the Company, N+1 Singer and Allenby Capital may agree in writing, in any event being not later than the Long Stop Date. The New Ordinary Shares will, on the First Admission and Second Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after the First Admission and Second Admission.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document. Prospective investors should read this document in its entirety.

APPLIED GRAPHENE MATERIALS PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with number 8708426)

Placing of 12,936,585 new Ordinary Shares at 41 pence per share

PrimaryBid Offer of 1,219,512 new Ordinary Shares at 41 pence per share

and

Notice of General Meeting

N+1 SINGER

as nominated adviser, joint broker and bookrunner

Allenby
CAPITAL

as joint broker

This document should be read as a whole. However, your attention is drawn to the letter from the Chairman of the Company which is set out in this document and which contains, amongst other things, the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Nplus1 Singer Capital Markets Limited (together with, and as the context requires, on behalf of its affiliates) ("**N+1 Singer**"), which is authorised and regulated in the UK by the FCA, as nominated adviser, joint broker and bookrunner and Allenby Capital Limited ("**Allenby Capital**") which is authorised and regulated in the UK by the FCA, as joint broker, are acting exclusively for the Company and no one else in relation to the Fundraising and First Admission and Second Admission. N+1 Singer and Allenby Capital are not acting for, and

will not be responsible to, any person other than the Company and no one else for providing the protections afforded to clients of N+1 Singer or Allenby Capital or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. The responsibility of N+1 Singer as nominated adviser under the AIM Rules is owed solely to the London Stock Exchange and not to the Company or its Directors or any other person. N+1 Singer and Allenby Capital has not authorised the contents of this document and, apart from the responsibilities and liabilities, if any, which may be imported on N+1 Singer and Allenby Capital by FSMA or the regulatory regime established thereunder, no liability is accepted by N+1 Singer and Allenby Capital for the accuracy of any information or opinions contained in or for the omission of any information from this document, for which the Company and the Directors are solely responsible.

Notice of a general meeting of the Company to be held at the offices of Squire Patton Boggs (UK) LLP at 6 Wellington Place, Leeds, LS1 4AP at 11.00 a.m. on 12 February 2021 is set out at the end of this document. You will not receive a hard copy proxy form. Instead you will be able to vote electronically or submit an online Form of Proxy using the link www.signalshares.com. The online Form of Proxy should be completed in accordance with the instructions as soon as possible and, in any event, so as to be received no later than 11.00 a.m. on 10 February 2021 (or, in the case of an adjournment of the general meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

In light of the COVID-19 pandemic, shareholders are urged to exercise their votes by submitting an online form of proxy and appoint the Chair of the General Meeting as his or her proxy. Shareholders and their proxies will not be allowed to attend the meeting in person, as to do so would be inconsistent with current government guidelines relating to COVID-19 (as published as at the date of this circular), in particular the advice for people to avoid public gatherings, all non-essential travel and social contact. Any shareholder seeking to attend the General Meeting in person will be refused entry. The General Meeting will be purely functional in format to comply with the relevant legal requirements. Accordingly, shareholders are urged to exercise their votes by submitting an online form of proxy and appoint the Chair of the General Meeting as his or her proxy. Should you wish to raise any questions ahead of the General Meeting please do so via email at info@appliedgraphenematerials.com.

A copy of this document will be made available at the Company's website, <https://www.appliedgraphenematerials.com/investor-relations>. The contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this document.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the Fundraising and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, N+1 Singer, Allenby Capital or their respective directors, partners, officers or employees.

The distribution of this document and the offer of the New Ordinary Shares in certain jurisdictions may be restricted by law. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons outside of the UK into whose possession this document comes should inform themselves about and observe any such restrictions.

This document does not constitute or form part of any offer or invitation to sell or issue or a solicitation of any offer to acquire, purchase or subscribe for New Ordinary Shares in any jurisdiction. This document must not be distributed to a US person (as such term is defined in the US Securities Act of 1933, as amended (the "**Securities Act**")) or within or into the United States, The Republic Of Ireland, Canada, Japan, South Africa, or Australia. The New Ordinary Shares have not been and will not be registered under the Securities Act, and may not be offered or sold or subscribed, directly or indirectly, within the United States, The Republic Of Ireland, Canada, Japan, South Africa, or Australia or to or by any US Person (as such term is defined in Regulation S promulgated under the Securities Act) or any national resident or citizen of The Republic Of Ireland, Canada, Japan, South Africa, or Australia or any corporation, partnership or other entity created or organised under the laws thereof.

The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed on or endorsed the merits of the Fundraising or the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "forecasts", "plans", "prepares", "targets", "anticipates", "projects", "expects", "intends", "may", "will", "seeks", or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company's and the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Company's prospects, growth and strategy. No statement in this document is intended to be a profit forecast and no statement in this document should be interpreted to mean that earnings per share of the Company for the current or future years would necessarily match or exceed the historical published earnings per share of the Company.

By their nature, forward-looking statements involve risks and uncertainties because they relate to future events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, achievements and financial condition may differ materially from those expressed or implied by the forward-looking statements in this document. In addition, even if the Company's results of operations, performance, achievements and financial condition are consistent with the forward-looking statements in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements that the Company makes in this document speak only as of the date of such statement, and none of the Company or the Directors undertake any obligation to update such statements unless required to do so by applicable law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

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DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors:	Dr Adrian Potts (<i>Chief Executive Officer</i>) Dr Bryan Dobson (<i>Non-executive Chairman</i>) David Blain (<i>Chief Financial Officer</i>) Professor Karl Coleman (<i>Non-executive Director</i>) Michael Townend (<i>Non-executive Director</i>) Sean Christie (<i>Non-executive Director</i>)
All of whose business address is	The Company's registered office
Company Secretary:	David Blain
Registered Office:	The Wilton Centre Wilton Redcar Cleveland TS10 4RF
Nominated Adviser, Joint Broker and Bookrunner:	Nplus1 Singer Capital Markets Limited (together with, as the context requires, on behalf of its affiliates) One Bartholomew Lane London EC2N 2AX
Joint Broker	Allenby Capital Limited 5 St. Helen's Place London EC3A 6AB
Solicitors to the Company:	Squire Patton Boggs (UK) LLP 6 Wellington Place Leeds LS1 4AP
Solicitors to N+1 Singer and Allenby Capital:	Gateley plc 1 Paternoster Square London EC4M 7DX
Auditors:	RSM UK Audit LLP Central Square 29 Wellington Street Leeds LS1 4DL
Registrars:	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

KEY FUNDRAISING STATISTICS

Closing Price per Existing Ordinary Share ⁽¹⁾	67.4 pence
Issue Price per New Ordinary Share	41 pence
Discount to Closing Price per Existing Ordinary Share	39 per cent
Number of Ordinary Shares in issue as at the date of this document	49,704,292 of 2 pence
Number of New Ordinary Shares to be issued by the Company pursuant to the First Placing	2,485,214
Number of New Ordinary Shares to be issued by the Company pursuant to the Second Placing	10,451,371
Number of New Ordinary Shares to be issued by the Company pursuant to the PrimaryBid Offer	1,219,512
Number of New Ordinary Shares to be issued by the Company pursuant to the Subscription	478,049
Total number of New Ordinary Shares to be issued by the Company pursuant to the Fundraising	14,634,146
Gross proceeds of the First Placing	£1,018,938
Gross proceeds of the Second Placing	£4,285,062
Gross proceeds of the PrimaryBid Offer	£500,000
Gross proceeds of the Subscription	£196,000
Gross proceeds of the Fundraising	£6,000,000
Estimated Net Proceeds of the Fundraising ⁽²⁾	£5,470,000
Ordinary Share ISIN	GB00BFSSB742
SEDOL	BFSSB74

(The above assumes that there are no further issues of Ordinary Shares between the date of this document and Second Admission).

Notes:

1. As at 25 January 2021 being the last working day prior to the announcement of the Fundraising
2. Based on the Estimated Expenses

EXPECTED TIMETABLE OF KEY EVENTS

Posting of this document	27 January 2021
Latest time and date for receipt of Forms of Proxy or electronic proxy appointments for use at the General Meeting	11.00 a.m. on 10 February 2021
First Admission of the First Placing Shares to trading on AIM and commencement of dealings	8.00 a.m. on 10 February 2021
CREST accounts to be credited for First Placing Shares to be held in uncertified form	10 February 2021
Expected despatch of definitive share certificates for First Placing Shares week commencing in certificated form	1 March 2021
General Meeting	11.00 a.m. on 12 February 2021
Announcement of the results of the General Meeting	on 12 February 2021
Issue of the Second Placing Shares, the Subscription Shares and the PrimaryBid Shares	12 February 2021
Second Admission and commencement of dealings in the Second Placing Shares, the Subscription Shares and the PrimaryBid Shares	8.00 a.m. on 15 February 2021
CREST Members' accounts credited in respect of the Second Placing Shares, the Subscription Shares and the PrimaryBid Shares in uncertificated form	15 February 2021
Expected despatch of definitive share certificates for the Second Placing Shares in certificated form	week commencing 1 March 2021

Notes:

1. Each of the above dates is subject to change at the absolute discretion of the Company, N+1 Singer and Allenby Capital.
2. All events listed in the above timetable following the General Meeting are conditional on, *inter alia*, the passing of the Resolutions at the General Meeting.
3. All of the above times refer to London times.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“AIM”	a market operated by the London Stock Exchange
“AIM Rules”	the rules for AIM companies and their nominated advisers issued by the London Stock Exchange
“Allenby Capital”	Allenby Capital Limited of 5 St. Helen’s Place, London, EC3A 6AB as joint broker to the Company, for the purposes of the Placing
“Closing Price”	the closing middle market quotation of an Ordinary Share as derived from the Daily Official List of the London Stock Exchange on 25 January 2021
“Company”	Applied Graphene Materials plc (company number: 8708426)
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996, as amended)
“CREST Member”	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations)
“CREST Regulations”	The Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
“CREST Sponsor”	a CREST participant admitted to CREST as a sponsor
“CREST Sponsored Member”	a CREST Member admitted to CREST as a sponsored member
“Directors” or “Board”	the board of directors of the Company
“Directors’ Subscription Shares”	means the ordinary shares of 2 pence each to be issued to certain Directors of the Company, pursuant to the Subscription Letters
“Enlarged Share Capital”	the issued share capital of the Company immediately following Second Admission comprising the Existing Ordinary Shares and the New Ordinary Shares
“Estimated Expenses”	the estimated expenses incurred in connection with the Fundraising, being £530,000
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Ordinary Shares”	the 49,704,292 Ordinary Shares of 2 pence each in issue at the date of this document, all of which are admitted to trading on AIM and being the entire issued ordinary share capital of the Company

“Existing Shareholder Subscription Shares”	means the ordinary shares of 2 pence each to be issued to the Existing Shareholder pursuant to the Subscription Agreement
“FCA”	the UK’s Financial Conduct Authority
“First Admission”	the admission of the First Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“First Placing”	the conditional placing of the First Placing Shares at the Issue Price pursuant to the Placing Agreement
“First Placing Shares”	2,485,214 New Ordinary Shares to be issued in connection with the First Placing
“Form of Proxy”	the form of proxy for use in connection with the General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Fundraising”	the Placing, the PrimaryBid Offer and the Subscription (and “Fundraise” shall be construed accordingly)
“General Meeting”	the general meeting of the Company convened for 11.00 a.m. on 12 February 2021 to approve the Resolutions, or any adjournment thereof, notice of which is set out at the end of this document
“Gross Proceeds”	the proceeds from the issue of the New Ordinary Shares, prior to the deduction of the Estimated Expenses, being approximately £6,000,000
“Group”	the Company and its subsidiaries Applied Graphene Materials UK Limited and Applied Graphene Materials Limited
“ISIN”	International Securities Identification Number
“Issue Price”	41 pence per New Ordinary Share
“London Stock Exchange”	London Stock Exchange plc
“Long Stop Date”	15 March 2021
“Money Laundering Regulations”	the Money Laundering Regulations 2007, the money laundering provisions of the Criminal Justice Act 1993, Part VIII of FSMA (together with the provisions of the Money Laundering Sourcebook of the FCA and the manual of guidance produced by the Joint Money Laundering Steering Group in relation to financial sector firms), the Terrorism Act 2000, the Anti Terrorism Crime and Security Act 2001, the Proceeds of Crime Act 2002 and the Terrorism Act 2006
“N+1 Singer”	Nplus1 Singer Capital Markets Limited (together with, as the context requires, on behalf of its affiliates) of One Bartholomew Lane, London, EC2N 2AX as nominated advisor, joint broker and bookrunner to the Company
“Net Proceeds”	the proceeds from the issue of the New Ordinary Shares, after the deduction of Estimated Expenses, being £5,470,000
“New Ordinary Shares”	means the First Placing Shares, the Second Placing Shares, the PrimaryBid Shares and the Subscription Shares

“Notice of General Meeting”	the notice of the General Meeting set out at the end of this document
“Official List”	means the official list of the London Stock Exchange
“Ordinary Shares”	ordinary shares of 2 pence each in the capital of the Company
“Overseas Shareholders”	shareholders with registered addresses outside the United Kingdom or who are citizens or residents of countries outside the United Kingdom
“Participating Directors”	together, David Blain, Sean Christie, Karl Coleman, Bryan Dobson and Adrian Potts being the directors taking part in the Subscription
“Placing”	the First Placing and the Second Placing
“Placing Agreement”	the agreement between the Company, N+1 Singer and Allenby Capital dated 26 January 2021 in connection with the Placing
“Placing Shares”	the offer of New Ordinary Shares pursuant to the First Placing and Second Placing
“PrimaryBid Offer”	the offer of New Ordinary Shares of 2 pence made to private investors through the PrimaryBid platform
“PrimaryBid Shares”	1,219,512 New Ordinary Shares to be allotted and issued pursuant to the PrimaryBid Offer
“Prospectus Directive”	directive 2003/71/EC on the requirements for a prospectus to be published when securities are offered to the public or admitted to trading
“Prospectus Rules”	the prospectus rules published by the FCA pursuant to section 73A of FSMA
“Registrar”	Link Asset Services (UK) Limited of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting at the end of this document
“Second Admission”	the admission of the Second Placing Shares, the Subscription Shares and the PrimaryBid Shares to trading on AIM becoming effective in accordance with the AIM Rules
“Second Placing”	the proposed placing of the Second Placing Shares at the Issue Price on a non pre-emptive basis, on the terms and conditions set out in the Placing Agreement.
“Second Placing Shares”	10,451,371 Ordinary Shares of 2 pence to be allotted and issued to new and existing institutional and other investors by the Company, pursuant to the Second Placing
“Securities Act”	the US Securities Act of 1933
“SEDOL”	Stock Exchange Daily Official List
“Shareholders”	holders of Ordinary Shares

“Subscription”	means the subscription for Directors’ Subscription Shares by certain Directors of the Company and the Existing Shareholder Subscription Shares by the Existing Shareholder pursuant to the Fundraising
“Subscription Agreement”	means the subscription agreement to be entered into between the Company and the Existing Shareholder, pursuant to which they will agree to subscribe for the Existing Shareholder Subscription Shares
“Subscription Letters”	means the letters to be entered into between the Company and certain Directors of the Company, pursuant to which they will agree to subscribe for certain of the Subscription Shares
“Subscription Shares”	478,049 New Ordinary Shares being the Directors’ Subscription Shares and the Existing Shareholder Subscription Shares
“Takeover Code”	City Code on Takeovers and Mergers published by the Panel
“UK”	United Kingdom
“US” or “United States”	United States of America

All references in this document to “£”, “pence”, “p” or “pounds sterling” are to the lawful currency of the UK, all references to “US\$” or “\$” are to the lawful currency of the United States

LETTER FROM THE CHAIRMAN OF
APPLIED GRAPHENE MATERIALS PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with number 8708426)

Directors:

Dr Adrian Potts
Dr Bryan Dobson
David Blain
Professor Karl Coleman
Michael Townend
Sean Christie

Registered Office:

The Wilton Centre
Wilton
Redcar
Cleveland
TS10 4RF

27 January 2021

Dear Shareholder,

**PROPOSED PLACING OF 12,936,585 NEW ORDINARY SHARES, 478,049 SUBSCRIPTION
SHARES AND PRIMARYBID OFFER OF 1,219,512 NEW ORDINARY SHARES
AT A PRICE OF 41 PENCE EACH AND NOTICE OF GENERAL MEETING**

1. INTRODUCTION

Further to the announcement on 26 January 2021, the Company is pleased to confirm that it has now conditionally raised £5.3 million, before fees and expenses, by way of the Placing with existing and new institutional investors at an Issue Price of 41 pence per Placing Share. In addition to this, the Participating Directors and one of the Company's existing shareholders (the "**Existing Shareholder**") has indicated a desire to subscribe for the Subscription Shares on the same terms and conditions and at the same Issue Price as the Placings.

The Issue Price represents a discount of 39 per cent. to the Closing Price, on 25 January 2021, being the date prior to the announcement of the Fundraise) and a 24 per cent. discount to the 30 day volume weighted average price ending on 25 January 2021 of 54 pence per Ordinary Share. The New Ordinary Shares will represent, respectively, approximately 20.1 per cent. of the Company's Enlarged Share Capital.

In order to provide private and other investors who have not taken part in the Placing with an opportunity to participate in the Fundraising, the Company enabled investors to subscribe for New Ordinary Shares at the Issue Price via the PrimaryBid Offer.

The Placing comprises the First Placing of 2,485,214 First Placing Shares, which is not conditional on Shareholder approval, and the Second Placing of 10,451,371 Second Placing Shares, 478,049 Subscription Shares and 1,219,512 PrimaryBid Shares, each of which will require Shareholder approval.

The total amount that the Company has raised under the Fundraising is approximately £6.0 million (before expenses including the Subscription).

For the Fundraising (other than the First Placing) to proceed, the Company requires Shareholders' approval to authorise the Directors to allot the New Ordinary Shares and disapply preemption rights in relation to the issue of the Second Placing Shares pursuant to the Second Placing. I am writing to provide you with details of the Fundraising and to give you notice of the General Meeting to consider and, if thought fit, approve the Resolutions to grant these authorities. The General Meeting is to be held at the offices of Squire Patton Boggs (UK) LLP at 6 Wellington Place, Leeds LS1 4AP at 11.00 a.m. on 12 February 2021. The formal notice of General Meeting is set out at the end of this document and Shareholders should refer to paragraph 6 below for information regarding the General Meeting. The First Placing does not require Shareholder approval as the First Placing Shares will be issued pursuant to the Shareholder authorities granted at the Company's 2020 annual general meeting.

2. REASONS FOR THE FUNDRAISING AND USE OF PROCEEDS

Background and reasons for the Fundraise

Overview

Applied Graphene Materials is wholly focused on the successful integration of graphene nanoplatelet (“GNP”), materials into a range of customer applications. This is achieved through two principal technologies; 1) GNP manufacturing and 2) sale and supply of its graphene materials in a range of dispersions. The combination of dispersion technology intellectual property and application know-how maximises the opportunity for customer success in the use of the Company’s materials. The Company has developed its intellectual property, know-how and knowledge base through extensive work on the formatting and dispersion of graphene materials, and has made excellent progress with a number of customer projects, advancing through evaluation and test, and resulting in customer product launches which have enhanced performance arising from the use of the Company’s graphene dispersions.

The effectiveness of the Company’s technology has been successfully demonstrated in its core market sectors of protective coatings, composite materials and speciality products. As a result of performance gains from the use of graphene in a correctly formatted dispersion product offering, customers have started to launch products containing the Company’s graphene materials. The Company has invested £24 million over the past decade into the development of manufacturing know-how of both GNPs, dispersion technology for nanomaterials and application data. As a result, the Company has developed a standard set of dispersed graphene products which provides a platform for growth in product sales. The Directors anticipate opportunities for applications in areas including aerospace, marine, satellite, wind turbine, infrastructure and transportation, and expect ongoing developments to further broaden this range.

The Company has, through its innovative dispersion technology, successfully overcome technical challenges surrounding the deployment of GNPs. The Company’s dispersed materials enable ease of use with the aim of achieving reproducible performance gains in customer products, thereby giving customers confidence to launch enhanced products to market.

Alongside its dispersion technology, the Company’s application and formulating know-how, covering use of the products in its target market, is critical to its success. The Company has invested heavily in application data to demonstrate the performance advantages that the use of graphene can achieve through its dispersed product range. The Company’s dispersion and application technology platform together with its in-house GNP manufacturing has positioned the Company to become a leading graphene provider and has demonstrated the potential of GNPs in a range of applications for the development of revenue growth through its commercial opportunity pipeline.

Commercial progress

The Group continues to build on its initial success in the core target market sectors, which has been achieved through long term customer collaborations resulting in increased product launch momentum, particularly during the second half of 2020. In total, the Company has 119 active engagements as at the end of November 2020 (31 January 2020: 92 active engagements). The Directors believe that the Company’s recent commercial progress has been driven by the combination of exemplar performance data generated in-house to illustrate the performance potential of graphene in use, and the successful testing outcomes by individual customers from the use of the Company’s dispersed products. Successful performance data generation and subsequent customer product launches validate the Company’s approach to the successful utilisation of GNPs in customer applications.

The Company’s focus remains on converting opportunities with existing commercial partners into production orders once customer products have been launched. The pipeline of opportunities has grown substantially, as evidenced by the increase in the number of active customer engagements over the last year. The Directors estimate that the current opportunity pipeline, if fully realised, has the potential to generate an annualised revenue run rate of £7.6 million. Applying a success-based probability factor to this figure, the Directors estimate approximately £3 million of annual revenues could be generated from the current opportunity pipeline. These sales opportunities are largely expected to be generated in the coatings sector, with approximately 80 per cent. of engagements being with protective coatings customers.

With the development of a standard set of graphene dispersion products marketed under the Genable® brand, a number of high-quality distribution partners have been appointed in key territories, in order to

market the capabilities of the Company's materials and technology to a wider audience. There are now over 60 representatives across the Company's own sales team and various third-party distributors focused on selling the Company's products, for example:

- Maroon LLC, a group with decades of experience and expertise in additive sales, with a focus on the coatings market in the USA and Canada;
- Arpadis Benelux NV, strengthening the sales position in the UK, Germany, France, Spain, Portugal and Scandinavia, with exclusivity in all regions apart from the UK;
- Will & Co BV, with exclusive agreement across the Netherlands, Belgium and Luxembourg;
- GOBARR Kimya Ticaret ve Pazarlama Ltd. Sti (Gobarr), providing access to target customers in the Turkish coatings and polymer sector; and
- Manho Polymers Co. Ltd, extending the focus into South Korea.

The Board expects that the Company's expanded geographical presence combined with the technical excellence and performance potential of the product will provide a solid basis for successful engagement with an increasing number of opportunities through its third-party distributor network.

The results of the Group's work to date confirm that graphene has the potential to deliver performance advantages with applicability across a number of adjacent market sectors. The Company has focused on its core target markets and applications technology to deliver successful customer outcomes and to create a platform for future revenue development. Having proven both performance advantage, and the utility of graphene dispersions, the Company has clear potential to diversify into other adjacent markets where its range of dispersed products could be suitably deployed.

Protective Coatings

In the field of paints and coatings, the Company's commercial focus is to enable customers to realise anti-corrosion and barrier performance advantage in their coatings technologies. The Directors believe the availability of its novel products could help mitigate the annual cost of corrosion which is estimated to be \$138 billion in the US alone. Potential application areas where anti-corrosion performance could be transformed using the Company's products are wide ranging and include marine, aerospace, automotive, defence, industrial and civil engineering. The Company continues to work closely with a range of customers, who are actively using graphene in both existing and new formulations to improve barrier properties of their systems. Anti-corrosion benefits in primers and topcoats have been validated using the Company's GNP dispersions in a number of customer formulations. Engagements in the protective coatings sector are primarily directly with the technical and commercial teams of coatings manufacturers, which are able to effectively evaluate the Company's technology in their products. In the construction sector, successful outcomes have been demonstrated with customers such as Blocksil, through the launch of its Top Coat MT protective coating, and Alltimes Coatings Ltd, with its Advantage Graphene roof coating product. Similar performance advantages have been exhibited in products launched under the Halfords, Hycote and Kent Coatings brands.

The scope of the Company's barrier performance technology has been applied to the car care sub-sector of the protective coatings market. This includes automotive detailing products which enhance the protection of paint finishes. This is proving to be an innovative adjacency which is fast moving in terms of testing of products. A number of new product launches using the Company's graphene dispersion technology have recently come to market such as the EZ Car Care range of products, launched by Halo Automotive Limited – the most recent being two wax-based graphene enhanced products for paint and alloy wheels – plus spray detailing product from UK customer Infinity Wax. Other customer developments are continuing and the Directors anticipate further product launches in this sector.

Composites

Supply of dispersed graphene provides the means to incorporate nanoplatelet material effectively into a customer's composite matrix resin mix and from there into the corresponding composite formulation. The Company has demonstrated that mechanical performance enhancement, such as fracture toughness, can be realised in composite applications. As with protective coatings, the correct application of GNPs is critical to success, and this is where the Company's expertise lies. Pipeline engagements continue the pursuit of the use of graphene for materials performance advantage through the engineering of complex composite material systems.

An example is with Infinite Composites Technologies (“**ICT**”), a customer of the Company that continues to achieve ground-breaking performance using the Company’s products for its linerless Type V pressure vessel technology aligned with NASA programmes. ICT’s long-term objective is for incorporation of ICT products and technology into space vehicle platforms. ICT continues to make excellent progress in the demonstration of its carbon composite pressure vessel products using the Company’s graphene dispersions in two distinct areas; the composite matrix to enhance mechanical performance and fatigue life of the vessels, and also in a coatings format to enhance barrier performance. Analysis of the composite indicated that the addition of GNPs eliminates nearly all microfractures in resin samples after exposure to a cryogenic test environment. The Directors believe that this is an outstanding result in the application of the Company’s materials technology to achieve lightweight, high-performance, long life products as well as the demonstration of two distinct functional uses of graphene in a single product application.

Development of other methodologies for the successful deployment of graphene into composite structures are important factors for successful end use, given the numerous process techniques employed by the composites industry. The Company has successfully developed its Structural Ink™ product and technology which, whilst currently deployed for composites, has the potential to be applied in other areas to achieve thin-film coatings containing graphene. Combining the capability to print GNPs with the Company’s know-how in coatings technology offers further possibilities in adjacent sectors.

With the Company’s dispersed graphenes offered in a range of media to suit the end-use chemistry, the Directors believe that there is positive progress being made in end-user integration of graphene into a broader range of composite materials applications.

Speciality products

The Company has been working to develop low density, thermally conductive adhesives. Efforts are ongoing to pursue aerospace applications with this technology, combining the benefits of low density, thermal conductivity and mechanical performance. The Company is working with its customers in this sector to pursue the long-term aim of approval of its graphene thermal paste adhesives for aerospace and space use. Utilising the Company’s platform coatings technology and formulating skill base, iterations of this thermal product technology are also expected to show benefits in the area of heat management, in adjacencies such as battery technology.

Technology and manufacturing status

The Company has developed its technology platform and has the ambition to further develop the range of graphene dispersions for practical application in a broader number applications. Based upon the differentiating expertise of dispersion and formulation capability plus application know-how, the Directors see further opportunities in a number of adjacencies to the protective coatings and composites spaces.

In the chemical resistant coatings sector the Directors believe that use of GNPs offer the potential to play a significant part in future coatings innovations. Addressable areas include concrete coatings and barrier coatings for oil and gas industries through to applications in pipelines. Such coatings types lend themselves to inclusion of the Group’s dispersed product offering.

Product formulation capabilities within the Company enable excellent read-across potential into specific opportunities in the composites sector through to emerging opportunities in the batteries sector and other markets which use liquid additives in their process technology.

Regulatory status

Regulatory approval efforts continue on a global basis pursuing the approval for use of novel graphene technology. The Company is well placed in this regard, for example, as a founding member of the graphene consortium for EU REACH approval. As announced on 14 January 2021, the European Chemical Agency, ECHA, has granted approval for increased volume of up to 10 tonnes of powder usage per annum of graphene products supplied by each of the individual members (including the Company) of the Graphene REACH registration consortium. Achieving REACH registration of products is a milestone for the industry and validation of the efforts to ensure the safe adoption of GNP materials in industrial applications. Further efforts continue in other geographic territories to secure approvals for use of GNPs in volume.

Efforts in securing IP protection continue and the Company has patent grants and patents pending in various territories for its broad ranging technology. The Company continues to invest in IP protection and the associated efforts to achieve granted patent status.

Sustainability

An internal sustainability audit has been completed and the Company is developing the roadmap to prioritise activity in the business where further meaningful progress can be made. Over and above operational excellence, the Directors believe that the Company's products offer a unique proposition as regards sustainability through performance enhancement and, as a result, product life cycle benefits. Given environmental pressures within the protective coatings sector, the Directors believe that the application of GNPs offers a significant technology solution to help mitigate these specific challenges to achieve more sustainable long-term solutions.

Summary

The Company is addressing significant opportunities in the protective coatings market, including the cost of corrosion, environmental pressures and sustainability potential using its innovative graphene dispersion technology. The Board believes that the Company has developed a product range which provides a platform to broaden its ambitions and capitalise on the long-term opportunities as market acceptance increases. Similarly, the Company is making progress with its product application in the composite materials and specialty products sectors. The Company has significant and valuable know-how and IP for both the manufacture of GNPs, and for its dispersion and application technology. With over a decade of innovation, an enlarged distribution network, and long term customer collaborations, the Company is well positioned to deliver on its broad pipeline of opportunities for the use of GNPs in real applications.

3. DETAILS OF THE FUNDRAISING

3.1 Reasons for the Fundraising: funding requirement and use of proceeds

The Board believes that the Company has the product range and third party distributor network to capitalise on the opportunities in its markets and accelerate the Group's commercial momentum. As notified in the Company's results for the year ended 31 July 2020, the Board believes that, based on its growth plans and without any further funding, the Company currently has sufficient working capital to operate to October 2021.

In order to provide the funding necessary for the Board to execute the next stage of its growth plan, the Company is therefore proposing to raise proceeds of £5.3 million, net of expenses, from the Fundraising. The Company has undertaken an offer of New Ordinary Shares via the PrimaryBid platform as announced separately. The Net Proceeds are expected to be used by the Company:

- to provide ongoing working capital funding, including costs associated with continuing the Company's product and technology development roadmap;
- to service anticipated growth in customer and product demand; and
- for minor capital expenditure, including a coating spray booth to bring full control of testing in house.

The Board believes that the Net Proceeds will provide working capital for the Group to operate until well into 2023, thereby enabling the Company to continue making progress towards its medium-term objectives of achieving critical mass, meaningful revenues and, ultimately, break-even profitability.

3.2 Current trading, COVID-19 and outlook

The Company announced its results for the year ended 31 July 2020 on 14 October 2020. The Company's Annual Report and Accounts for the year ended 31 July 2020 are available on its website (www.appliedgraphenematerials.com).

Following the year end, the Company has traded in line with the Board's expectations for the current financial year. The Company has continued to make good commercial progress during this period, with the announcement of third party distribution agreements with Maroon LLC, Arpadis Benelux NV,

Gobarr and Manho Polymers Co, thereby broadening the Company's reach internationally. On 14 January 2021, the Company also announced that it had achieved EU-REACH regulatory approval for increased volume supply of its products.

The Company has been able to maintain continuity of operations throughout the COVID-19 pandemic, with limited impact on customer product collaborations and the Company's pipeline of opportunities and no employees furloughed. Restrictions on end-customer work practices have, however, limited practical access to structures for the deployment of their graphene-based coatings products, with customers furloughing staff and reducing operational activity. The quality of underlying customer engagement remains strong and the Directors are confident that the eventual easing of lockdown restrictions will lead to a positive upswing in activity for the Company.

The Company anticipates announcing its results for the six months ending 31 January 2021 in March 2021.

3.3 Conditions of the Placing and PrimaryBid Offer

The Issue Price at which the Placing Shares are to be placed is 41 pence. The PrimaryBid Shares are also being issued at the Issue Price.

The Issue Price of 41 pence per New Ordinary Share equates to a 39 per cent. discount to the mid-market Closing Price of an Existing Ordinary Share on 25 January 2021, the last practicable date prior to the date that the Company announced details of the Fundraising and a 24 per cent. discount to the 30 day volume weighted average price ending on 25 January 2021.

The New Ordinary Shares, when issued, will be fully paid and will rank *pari passu* in all respects with each other and with the Existing Ordinary Shares of the Company, including, without limitation, the right to receive all dividends and other distributions declared, made or paid after the date of issue.

An application will be made to the London Stock Exchange for First Admission. Settlement of the First Placing Shares issued pursuant to the First Admission is expected to take place on or before 8.00 a.m. on 10 February 2021.

An application will be made to the London Stock Exchange for Second Admission. Settlement of the Second Placing Shares, the Subscription Shares and the PrimaryBid Shares issued pursuant to the Second Admission is expected to take place on or before 8.00 a.m. on 15 February 2021.

The First Placing is conditional, amongst other things, upon:

- (a) each of the conditions in the Placing Agreement relating to the First Placing and/or the First Placing Shares having been satisfied or (if applicable) waived, and the Placing Agreement and not having been terminated in accordance with its terms prior to the First Admission; and
- (b) First Admission becoming effective no later than 8.00 a.m. on 10 February 2021 (or such later date as the Company, N+1 Singer and Allenby Capital may agree in writing, in any event being not later than the Long Stop Date).

The Second Placing is conditional, amongst other things, upon:

- (c) the passing of the Resolutions at the General Meeting, which will be proposed to grant the Directors the necessary authority and power to allot the Second Placing Shares and the Subscription Shares and any shares that may be subscribed for by private investors via PrimaryBid for cash on a non-pre-emptive basis;
- (d) the Placing Agreement becoming or declared unconditional in all respects and not having been terminated in accordance with its terms prior to Second Admission;
- (e) the Subscription Letters becoming wholly unconditional prior to Second Admission; and
- (f) Second Admission becoming effective no later than 8.00 a.m. on 15 February 2021 (or such later date as the Company, N+1 Singer and Allenby Capital may agree in writing, in any event being not later than the Long Stop Date).

The First Placing and First Admission are not conditional on the Second Placing, or on Second Admission and it is therefore possible that the First Placing Shares will be allotted and issued and First Admission will become effective but the Second Placing Shares, the Subscription Shares and PrimaryBid Shares are not allotted and issued and Second Admission does not occur.

4. DETAILS OF THE FUNDRAISING

4.1 The Placing, Subscription and PrimaryBid Offer

The Company is proposing to raise approximately £5.3 million (before fees and expenses) by way of a conditional, non-pre-emptive placing of 12,936,585 new Ordinary Shares at the Issue Price.

In order to broaden the Company's institutional investor base and to minimise the time and transaction costs of the Placing, the New Ordinary Shares are only being placed by N+1 Singer and Allenby Capital with a limited number of existing and new institutional and other investors. The Placing Shares are not being made available to the public. In addition, the Participating Directors and the Existing Shareholder have committed to subscribe for the Subscription Shares as detailed in paragraph 4.2.

The New Ordinary Shares will be issued credited as fully paid and will be identical to and rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all future distributions, declared, paid or made in respect of the Ordinary Shares following the date of First Admission and Second Admission (as applicable).

In order to provide private and other investors who have not taken part in the Placing with an opportunity to participate in the Fundraising, the Company enabled investors to subscribe for New Ordinary Shares at the Issue Price via the PrimaryBid Offer.

For the avoidance of doubt, the PrimaryBid Offer is not part of the Placing and is the sole responsibility of the Company. Neither N+1 Singer nor Allenby Capital has any responsibilities, obligations, duties or liabilities (whether arising pursuant to any contract, law, regulation, or tort) in relation to the same.

4.2 Directors' Subscription and Existing Shareholder Subscription

The Board recognises the importance of Director participation for Shareholders and, as such, certain members of the Board have committed to subscribe for the Directors' Subscription Shares. The Directors' Subscription is expected to total £71,000 in respect of 173,171 New Ordinary Shares and will be carried out at the Issue Price on identical terms as those of the Placing and the PrimaryBid Offer as set out in the table below:

Name	Number of Existing Ordinary Shares	Percentage of existing share capital	Number of Second Placing Shares subscribed for	Number of Ordinary Shares held on Second Admission	Percentage of Enlarged Share Capital on Second Admission
David Blain	33,380	0.07%	24,390	57,770	0.09%
Sean Christie	35,397	0.07%	43,902	79,299	0.12%
Karl Coleman	1,779,682	3.58%	43,902	1,823,584	2.83%
Bryan Dobson	134,316	0.27%	24,390	158,706	0.25%
Adrian Potts	70,529	0.14%	36,587	107,116	0.17%

The Directors' Subscription is conditional upon certain matters and events including, amongst other things, the passing of the Resolutions, the Placing Agreement having become unconditional and Second Admission becoming effective on or before 15 on February 2021, (or such later date as the Company, N+1 Singer and Allenby Capital may agree in writing, in any event being not later than the Long Stop Date).

The Existing Shareholder has committed to subscribe for the Existing Shareholder Subscription Shares. The Existing Shareholder Subscription is expected to total £125,000 in respect of 304,878 New Ordinary Shares and will be carried out at the Issue Price on equivalent terms as those of the Placing and the PrimaryBid Offer.

The Existing Shareholder Subscription is conditional upon certain matters and events including, amongst other things, the passing of the Resolutions, and Second Admission becoming effective on or before the Long Stop Date.

4.3 The Placing Agreement

In connection with the Placing, the Company has entered into the Placing Agreement pursuant to which N+1 Singer and Allenby Capital have agreed, in accordance with its terms, to use reasonable endeavours to procure subscribers for the Placing Shares (comprising shares issued pursuant to the First Placing and the Second Placing) at the Issue Price. Neither the First Placing nor the Second Placing are underwritten.

In accordance with the terms of the Placing Agreement, the First Placing is conditional upon, amongst other things, the conditions in the Placing Agreement relating to the First Placing and/or the First Placing Shares being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to First Admission occurring on or before 10 February 2021 (or such later date as N+1 Singer and Allenby Capital may agree).

In accordance with the terms of the Placing Agreement, the Second Placing is conditional upon, amongst other things, the passing of the Resolutions, the conditions in the Placing Agreement relating to the First Placing and/or the First Placing Shares being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Second Admission occurring on or before 15 February 2021 (or such later date as N+1 Singer and Allenby Capital may agree).

The Placing Agreement contains certain customary warranties given by the Company concerning the accuracy of information given in this circular and the announcement made by the Company in respect of the Placing as well as other matters relating to the Company and its business. The Placing Agreement is terminable by N+1 Singer and Allenby Capital in certain circumstances up until the time of First Admission (in respect of the First Placing) and up until the time of Second Admission (in respect of the Second Placing), including, *inter alia*, should there be a breach of a warranty contained in the Placing Agreement or a force majeure event takes place or a material adverse change occurs to the business of the Company or the Group. The Company has also agreed to indemnify N+1 Singer and Allenby Capital against all losses, costs, charges and expenses which N+1 Singer and Allenby Capital may suffer or incur as a result of, occasioned by or attributable to the carrying out of its duties under the Placing Agreement.

4.4 Details of the PrimaryBid Offer

The PrimaryBid Offer, which closed on 27 January 2021, was open to private and other investors subscribing via PrimaryBid.com and conditionally raised £0.5 million (before fees and expenses) through the issue of the PrimaryBid Shares. The PrimaryBid Offer remains conditional on the Second Admission being or becoming wholly unconditional.

A total of 1,219,512 New Ordinary Shares are to be issued under the PrimaryBid Offer at the Issue Price.

The Company has relied on an available exemption against the need to publish a prospectus approved by the FCA (acting in its capacity as the UK Listing Authority) in respect of the PrimaryBid Offer.

4.5 Admission of the New Ordinary Shares

An application will be made to the London Stock Exchange for the First Placing Shares to be admitted to trading on AIM.

It is expected that First Admission will occur and dealings on AIM will commence in the First Placing Shares at 8.00 a.m. on 10 February 2021 or such later date as the Company, N+1 Singer and Allenby Capital may agree in writing, in any event being not later than the Long Stop Date.

It is expected that CREST accounts of the investors in the First Placing Shares who hold their Ordinary Shares in CREST will be credited with their New Ordinary Shares on 10 February 2021.

In the case of investors in the First Placing Shares holding their Ordinary Shares in certificated form, it is expected that certificates will be dispatched the week commencing 1 March 2021. Pending dispatch of the share certificates or the crediting of CREST accounts, the Registrar will certify any instruments of transfer against the register.

It is expected that Second Admission will occur and dealings will commence in the Second Placing Shares, the Subscription Shares and the PrimaryBid Shares, and subject, *inter alia*, to the passing of the Resolutions at the General Meeting it is expected that Second Admission will become effective in respect of, and that dealings on AIM will commence in the Second Placing Shares, the Subscription Shares and the PrimaryBid Shares on or around 8.00 a.m. on 15 February 2021 (or such later date as the Company, N+1 Singer and Allenby Capital may agree in writing, in any event being not later than the Long Stop Date).

It is expected that CREST accounts of the investors in the Second Placing Shares, the Subscription Shares and the PrimaryBid Shares who hold their Ordinary Shares in CREST will be credited with their New Ordinary Shares on 15 February 2021.

In the case of investors in the Second Placing Shares holding their Ordinary Shares in certificated form, it is expected that certificates will be dispatched during the week commencing 1 March 2021. Pending dispatch of the share certificates or the crediting of CREST accounts, the Registrar will certify any instruments of transfer against the register.

4.6 Risks and Uncertainties

A description of the principal risks and uncertainties associated with the Group's business and how they are being managed is included in the Group's Annual Report and Financial Statements 2020. The Board considers that these principal risks and uncertainties are those applicable to the Group at the current time.

5. GENERAL MEETING

A notice convening a General Meeting, to be held at the offices of Squire Patton Boggs (UK) LLP at 6 Wellington Place, Leeds LS1 4AP at 11.00 a.m. on 12 February 2021, is set out at the end of this document.

At this meeting, as set out in the Notice of General Meeting:

- Resolution 1 is an ordinary resolution to authorise the Directors under section 551 of the Companies Act 2006 to allot the New Ordinary Shares; and
- Resolution 2 is a special resolution to authorise the Directors under section 570 of the Companies Act 2006, to allot the New Ordinary Shares pursuant to the Fundraising on a non-preemptive basis.

The Directors do not, at present, intend to issue any share capital other than in connection with the Fundraising.

The Resolutions, if passed, will allow the Second Placing Shares, the Subscription Shares and the PrimaryBid Shares to be issued at a price of 41 pence (each representing a 39 per cent. discount to the 67.4 pence Closing Price and a 24 per cent. discount to the 54 pence 30 day volume weighted average price) without them first being offered to Shareholders generally in accordance with their statutory pre-emption rights. The Directors have concluded that proceeding with the Fundraising, is the most appropriate option available to the Company for raising additional funds through the issue of Ordinary Shares and that issuing New Ordinary Shares at such a discount under the Fundraising is fair and reasonable so far as all existing Shareholders are concerned. The Issue Price has been set by the Directors following their assessment of market conditions and following discussions with a number of institutional investors. Shareholders and other retail investors were afforded the opportunity to participate in the Fundraising alongside institutional investors via the PrimaryBid Offer.

6. ACTIONS TO BE TAKEN

You will not receive a hard copy proxy form. Instead you will be able to vote electronically or submit an online Form of Proxy using the link www.signalshares.com. You will need to log into your Signal Shares account, or register if you have not previously done so. To register you will need your Investor Code. This is detailed in your share certificate or available from our registrars, Link Asset Services.

In light of the COVID-19 pandemic, Shareholders are urged to exercise their votes by submitting an online Form of Proxy and appoint the Chair of the General Meeting as their proxy. Proxy votes must be received no later than 11.00 a.m. on 10 February 2021 or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day) at the latest.

Shareholders and their proxies will not be allowed to attend the meeting in person, as to do so would be inconsistent with current government guidelines relating to COVID-19 (as published as at the date of this circular), in particular the advice for people to avoid public gatherings, all non-essential travel and social contact. Any Shareholder seeking to attend the General Meeting in person will be refused entry. The General Meeting will be purely functional in format to comply with the relevant legal requirements.

Shareholders may request a hard copy Form of Proxy direct from the Registrar, Link Asset Services, on 0371 664 0391 for use at the General Meeting. If you receive a hard copy please complete the Form of Proxy, following the instructions, and return it to the Registrar, Link Asset Services PXS The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, to arrive by 11.00 a.m. on 10 February 2021 or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day) at the latest.

If you hold your Ordinary Shares in uncertificated form (that is, in CREST) you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of General Meeting set out at the end of this document). Proxies submitted via CREST must be received by the Company's agent by no later than 11.00 a.m. on 10 February 2021 (or, in the case of an adjournment, not less than 48 hours before the time fixed for the holding of the adjourned meeting (at the discretion of the Directors, excluding any part of a day that is not a Business Day)).

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in your absence.

7. RECOMMENDATION

The Directors consider the Resolutions being proposed at the General Meeting to be in the best interests of the Company and the Shareholders as a whole. Consequently, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of the 2,053,304 Existing Ordinary Shares held, directly or indirectly, by them representing approximately 4.13 per cent. of the total voting rights of the Company.

Copies of this circular will be available at the registered office of the Company during normal business hours on any business day from the date of this circular up to and including the date of Second Admission.

Yours sincerely

Bryan Dobson
Chairman

Applied Graphene Materials plc

APPLIED GRAPHENE MATERIALS PLC

NOTICE OF GENERAL MEETING

Notice is given that a general meeting of Applied Graphene Materials plc (“**Company**”) will be held at the offices of Squire Patton Boggs (UK) LLP at 6 Wellington Place, Leeds LS1 4AP at 11.00 a.m. on 12 February 2021 for the purposes of considering and, if thought fit, passing the following resolutions of which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution. Unless the context otherwise requires, words and expressions used in this notice, including in the notes herein, (the “**Notice**”) have the meanings given to them in the circular to shareholders dated 27 January 2021, of which this Notice forms part.

ORDINARY RESOLUTION

1. That, pursuant to section 551 of the Act, the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot Relevant Securities comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £242,978.64 pursuant to the Fundraising.

In this resolution 1, “**Relevant Securities**” means shares in the Company or rights to subscribe for or to convert any security into shares in the Company; a reference to the allotment of Relevant Securities includes the grant of such a right; and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or to convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right.

This authority is in addition to all existing authorities under section 551 of the Act.

Unless previously revoked, varied or renewed, this authority shall expire on the conclusion at the next annual general meeting of the Company.

SPECIAL RESOLUTION

2. That, subject to the passing of resolution 1, and pursuant to section 570 of the Act, the Directors be and are generally empowered to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authorities granted by resolution 1 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of the New Ordinary Shares in connection with the Fundraising.

This power is in addition to all existing powers under section 570 of the Act.

By order of the Board

David Blain

27 January 2021

Registered office: The Wilton Centre, Wilton, Redcar, Cleveland, TS10 4RF
Registered in England and Wales No. 8708426

Notes

Entitlement to attend and vote

1. **IMPORTANT NOTE REGARDING ATTENDANCE IN PERSON: In light of the COVID-19 pandemic, shareholders and their proxies will not be allowed to attend the meeting in person, as to do so would be inconsistent with current government guidelines relating to COVID-19 (as published as at the date of this circular), in particular the advice for people to avoid public gatherings all non-essential travel and social contact. Any Shareholder seeking to attend the General Meeting in person will be refused entry. Accordingly, shareholders are urged to exercise their votes by submitting an online form of proxy and appoint the Chair of the General Meeting as his or her proxy.**
2. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 10 February 2021 (or, if the meeting is adjourned, 6.00 p.m. on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution.

Voting on the Resolutions in light of the COVID-19 pandemic will be taken by way of a poll.

Proxies

3. A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company. **However, in light of the COVID-19 pandemic, shareholders and their proxies will not be allowed to attend the meeting.**

A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.

A proxy may only be appointed in accordance with the procedures set out in notes 3 and 4 below and the notes to the proxy form. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting. If a shareholder has appointed a proxy and attends the meeting in person, such proxy appointment will automatically be terminated. **However, in light of the COVID-19 pandemic, shareholders are urged to appoint the Chair of the meeting as his or her proxy as given the COVID-19 situation shareholders and their proxies will not be allowed to attend the meeting.**

If no voting indication is given, your proxy will vote or abstain from voting at his or her decision. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Registrar, Link Asset Services of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU and in the case of a member which is a corporation, the revocation notice must be executed in accordance with note 5 below. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice and must be received by the Registrars not less than 48 hours before the time fixed for the holding of the meeting or any adjourned meeting (or in the case of a poll before the time appointed for taking the poll) at which the proxy is to attend, speak and to vote provided that in calculating such periods no account shall be taken of any part of a day that is not a working day. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Completion of the Form of Proxy or appointment or a proxy through CREST will not prevent a member from attending and voting in person. However, in light of the COVID-19 pandemic, shareholders are urged to appoint the Chair of the meeting as his or her proxy as given the COVID-19 situation shareholders and their proxies will not be allowed to attend the meeting.

Any member or his proxy attending the General Meeting has the right to ask any question at the General Meeting relating to the business of the General Meeting. However, in light of the COVID-19 pandemic, shareholders are urged to appoint the Chair of the meeting as his or her proxy as given the COVID-19 situation shareholders and their proxies will not be allowed to attend the meeting.

4. You will not receive a hard Form of Proxy. An online Form of Proxy can be used at www.signalshares.com. When appointing more than one proxy, complete a separate Form of Proxy in relation to each appointment. Hard copy Forms of Proxy may be obtained by contacting the Registrar on 03716 640391. State clearly on each Form of Proxy the number of shares in relation to which the proxy is appointed.

Shareholders may request a hard copy Form of Proxy direct from the Registrar, Link Asset Services on 0371 664 0391 for use at the General Meeting. To be valid, a hard copy Form of Proxy must be received by post or (during normal business hours only) by hand at the offices of the Registrar, Link Asset Services of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.00 a.m. on 10 February 2021 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).

Any power of attorney or any other authority under which the hard copy Form of Proxy is signed (or duly certified copy of such power or authority) must be included with the hard copy Form of Proxy.

5. CREST Members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by The Registrar, Link Asset Services of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (ID RA1) no later than 11.00 a.m. on 10 February 2021 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST Members and, where applicable, their CREST Sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member or CREST Sponsored Member or has appointed a voting service provider(s), to procure that his or her CREST Sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Certificated Securities Regulations 2001.

Corporate representatives

6. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares. **However, in light of the COVID-19 pandemic, shareholders are urged to appoint the Chair of the meeting as his or her proxy as given the COVID-19 situation shareholders and their proxies will not be allowed to attend the meeting.**

A corporation’s Form of Proxy must be executed pursuant to the terms of section 44 of the Companies Act 2006 or under the hand of a duly authorised officer or attorney.

Share capital

7. As at the date of this document, the Company’s issued share capital comprised 49,704,292 ordinary shares of 2 pence each (“**Ordinary Share**”). Each Ordinary Share carries the right to vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this document is 49,704,292.

