This announcement contains inside information for the purposes of Article 7 of EU Regulation No. 596/2014, which forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended).

29 September 2022

Graft Polymer (UK) Plc

("Graft Polymer", the "Company", and together with its subsidiaries, the "Group")

Interim Financial Results

Graft Polymer (UK) Plc (LSE: GPL), a business focused on the development and commercial production of polymer modification products, biological supplements, and nano-drug delivery systems, is pleased to announce its interim results for the period ended 30 June 2022.

Highlights

- Successful admission to trading on the London Stock Exchange following the Company raising £5,000,000 before costs;
- Cashflow positive operational status achieved through organic growth at the Company's production facility in Slovenia;
- Granted a HACCP certificate for production at the Slovenian facility enabling the Company to enter the B2C market;
- First large commercial purchase order received since IPO for 50,000 units of ArtemiC™ Rescue from MGC Pharmaceuticals;
- Pre-payments made on tailor-made equipment at lower than original forecast costs which are expected to be installed in the coming weeks and will double the Company's production capacity; and
- Strong cash reserves and nil debt, net £2m net cash in the bank post totalCAPEX spend.

For further information on the Company please visit www.graftpolymer.com or contact:

Roby Zomer (Chairman) / Yifat Steuer (FD)	Graft Polymer (UK) plc	Via St Brides Partners
James Pope / Andy Thacker	Turner Pope Investments (Broker)	Tel: +44 (0)20 3657 0050
Catherine Leftley / Ana Ribeiro / Max Bennett	St Brides Partners Ltd, Financial PR	graftpolymer@stbridespartners.co.uk

Chairman's Statement

I am pleased to present a review of our activities for the six months to 30 June 2022 for Graft Polymer (UK) Plc ('Graft Polymer' or the 'Company' or the 'Group'), in possibly the most significant period in the Company's history to date, following our IPO on the London Stock Exchange in January this year. The team at Graft Polymer have been working tirelessly to carry forward the strong progress made following its successful raise of £4.15 million, achieving a number of key objectives that we set out to do at the time of the listing.

By way of a reminder of Graft Polymer's business, having developed a proprietary set of polymer modification technologies, which uses recycled raw materials and a closed loop system to reduce plastic waste by up to 50 per cent, our technology can improve existing products and processing methodologies by enhancing performance, simplifying manufacturing, reducing material consumption, widening the choice of feedstocks, and reducing costs. Our motto, "combine the incompatible", reveals the essence of Graft Polymer's business; the use of a diverse range of modification technologies to combine immiscible and incompatible components into polymer composites.

The progress of the Company's GraftBio division in the period under review has been particularly successful, having been granted a Hazard Analysis and Critical Control Point ('HACCP') certificate at the Slovenian R&D facility which will enable the Group to enter the B2C market, commercialising its IP for bio/pharma applications, developing drug carriers for use in the pharma and the food supplement markets, thereby introducing a further revenue stream to its business.

Following on from this, post period end, the GraftBio division received its first large commercial purchase order since IPO for 50,000 units of ArtemiC™ Rescue from MGC Pharmaceuticals, to be sold in the US, a significant milestone for the GraftBio division and the rest of the Group. Production commenced immediately with funds expected to be remitted upon delivery of the product in the coming weeks. The Group anticipates follow on orders in the coming quarters and the ability for the GraftBio proprietary drug delivery system division to licence and produce a wide range of products for pharmaceutical clients, like MGC Pharma, and many other customers and industries going forward, demonstrates the diverse nature of our technology.

It is the nature of our industry to be constantly researching and developing to find the most efficient way to design and develop products. Whether this is through innovations of the product itself or through the production facility, where the Group switched to a two-shift operation to ensure order fulfilment, and with further investment in production line and laboratory equipment upgrades planned to maximise output to 6,000 tonnes per annum, doubling the existing capacity. These upgrades also provide a boon to Graft Polymer as they have come at a lower than budgeted price. These planned upgrades will greatly increase the profitability of the facility and will enable further R&D.

Very importantly with respect to the Company's commercial operations, the Slovenian manufacturing facility has also recently achieved cash flow positive status through organic growth alone, showcasing Graft Polymer's unique position within the industry. Boasting a very experienced board of directors, Graft Polymer is in an ideal situation to utilise the board's skills and knowledge to further augment the Company's growth and achieve the rest of the goals set out in the prospectus and beyond.

One of the Group's core strategies is the development of its intellectual property ('IP'). The development of our innovative IP pipeline is a significant growth driver and recently we have had seven patents granted in the period, five of which were in the EU, which boasts some of the strongest IP laws in the world, ensuring GP's proprietary products are well protected meaning the Group can continue to innovate and develop new products.

As a reminder of the Company's operations, Graft Polymer has two main divisions that aim to create maximum value for the company, boost revenue through diversification, and enhance Graft Polymer's strong IP strategy.

Polymer Modification

The Company's first division has been very successful since the Company IPO'd. The polymer division offers a diverse range of products that combine immiscible and incompatible components creating unique solutions for the Group's clients. As the Group is a newly listed company, it offers certain benefits over some of the more established players in the polymer field such as agility and flexibility. The Group can create bespoke and niche products for nearly any market/industry and has a long pipeline of potential clients with customer trials currently underway that if successful will offer a good source of revenue as well as repeat custom.

Only six months into trading, the development and manufacturing facility in Slovenia became cash flow positive representing a key financial and strategic milestone for the Company, and will, in turn, allow more extensive R&D into new products further enhancing profitability and the Group's reputation as a company that offers a wider and more unique range of products than other competitors in the market.

GraftBio

The GraftBio division is the second spinout from Graft Polymer which is targeting pharmaceutical companies with its proprietary Drug Delivery System ('DDS') that aims to reduce dosage frequency and mitigate unwanted side effects. The DDS has already been put to good effect with a successful pre-clinical trial from MGC Pharmaceuticals Ltd ('MGC Pharma') to treat Glioblastoma multiforme cells which is a fast-growing and aggressive form of brain cancer.

Separately Graft Polymer received its first US market commercial order for 50,000 units of ArtemiC™ Rescue, a nutraceutical which has been used to treat patients suffering from moderate Covid-19 showcasing the wide range of applications GPL's DDS can be used for.

The GraftBio division is particularly exciting for the Company as it is expected to be more profitable than the polymer division, with the belief that it can generate gross margins of around 60 per cent, furthermore, it is predicted to be less seasonal than the polymer division which is generally quieter during the summer period which will create a counterbalance to the workloads and maximise productivity throughout the year.

The GraftBio division also has a spinoff Bio-Supplement division which has been made possible through the granting of the HACCP certificate, which has enabled the Company to enter the lucrative business-to-Consumer ('B2C') market. The Bio-Supplement division further diversifies GPL's business and adds another revenue stream in the particularly lucrative supplement market that has been valued at US$ 71.81B in 2021 and is projected to grow to US$ 128.64B by 2028.

Outlook

Despite the onset of the tragic war in Ukraine and the supply shortages and supply chain issues that have occurred, the outlook for Graft Polymer remains largely positive, having reached cashflow positive at the Slovenian facility through organic growth alone represents a major milestone and a good anchor point which will allow GPL to continue its cutting-edge innovation whilst also having a strong basis of revenue to rely on. In the short-term production capacity at the Slovenian facility will be expanded which will nearly double the output and allow more orders to be fulfilled, further increasing revenue and company awareness.

It is an exciting period for the Group as it has many opportunities ahead of it in terms of its new division, cash flow positive status and large client pipeline. I am very much looking forward to updating the market with our progress. I would like to use this opportunity to thank all the team for their hard work and the considerable progress that has been made since listing.

Roby Zomer - Chairman

29 September 2022

Interim Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Unaudited Six months to 30 Jun 2023 £'000	Unaudited Six months to 30 Jun 2022 £'000
Continuing operations			
Revenue	3		331
Cost of sales			(177)
Gross profit			154
Other income			15
Operational costs			(155)
Administrative expenses			(783)
Operating loss	4		(769)
Depreciation			(41)
Finance costs			(5)
Loss before taxation			(815)
Income tax			-
Loss for the period from continuing operations			(815)
Total loss for the period attributable to equity holders of the parent			
Other comprehensive (loss)/income			-
Total comprehensive loss for the period attributable to equity holders of the parent			(815)
Loss per share (p)	5		(0.79)

Interim Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Unaudited 30 Jun 2022 £'000	Audited 31 Dec 2021 £'000
Non-current assets			
Property, plant and equipment	6	324	310
Intangible assets	7	2,068	2,068
Other non-current assets		13	12
Total non-current assets		2,405	2,390
Current assets			
Cash and cash equivalents		3,043	598
Trade and other receivables	9	347	142
Total current assets		3,390	740
TOTAL ASSETS		**5,795**	**3,130**
Equity attributable to owners of the parent			
Issued share capital	12	41	7
Share premium		7,001	942
Shares to be issued		-	500
Capital reduction reserve		2,500	2,500
Foreign exchange reserve		3	3
Accumulated losses		(3,955)	(3,140)
Total equity		5,590	812
Non-current liabilities			
Other non-current liabilities		27	-
Total non-current liabilities		27	-
Current liabilities			
Trade and other payables	10	178	958
Borrowings	11	-	1,360
Total current liabilities		178	2,318
Total liabilities		205	2,318
TOTAL EQUITY AND LIABILITIES		**5,795**	**3,130**

Interim Financial Statements

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Unaudited Six months to 30 Jun 2022 £'000	Unaudited Six months to 30 Jun 2021 £'000
Cash flow from operating activities		
Operating loss – continuing operations	(815)	(407)
Adjustments for:		
Depreciation – property, plant & equipment	41	40
Depreciation – right of use asset	-	5
Finance charge	1	5
Gain on settlement of CLN's / accrued fees through issue of shares	(15)	-
Foreign exchange loss	3	-
Changes in working capital:		
(Increase) / decrease in trade and other receivables	(205)	10
(Decrease) / increase in trade and other payables	(1,182)	168
Net cash (outflow)/inflow from operating activities	(2,172)	(179)
Cash flow from investing activities		
Purchase of property, plant and equipment	(47)	-
Net cash outflow from investing activities	(47)	-
Cash flows from financing activities		
Payment of lease liability	-	(16)
Proceeds from borrowings	-	150
Net proceeds from issue of shares	4,660	-
Net cash inflow from financing activities	4,660	134
Net (decrease)/increase in cash and cash equivalents	2,441	(45)
Cash and cash equivalents at beginning of period	598	209
Foreign exchange impact on cash	4	(10)
Cash and cash equivalents at the end of the period	3,043	154

Interim Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Share Capital £'000	Shares to be Issued £'000	Share Premium £'000	Capital Reduction Reserve £'000	Foreign Exchange Reserve £'000	Accum-ulated Losses £'000	Total Equity £'000
At 1 January 2021	**7**	**-**	**942**	**2,500**	**(12)**	**(1,895)**	**1,542**
Loss for the period	-	-	-	-	-	(407)	(407)
Other comprehensive income	-	-	-	-	(8)	-	(8)
Total comprehensive loss for the period	-	-	-	-	(8)	(407)	(415)
Balance at 30 Jun 2021 – (unaudited)	**7**	**-**	**942**	**2,500**	**(20)**	**(2,302)**	**1,127**
At 1 January 2022	**7**	**500**	**942**	**2,500**	**3**	**(3,140)**	**812**
Loss for the period	-	-	-	-	-	(815)	(815)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(815)
Shares issued during the period	34	(500)	6,399	-	-	-	5,933
Share issue costs	-	-	(340)	-	-	-	(340)
Total	34	(500)	6,059	-	-	-	5,593
Balance at 30 June 2022 – (unaudited)	**41**	**-**	**7,001**	**2,500**	**3**	**(3,955)**	**5,590**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of Graft Polymer (UK) plc (the "Company") and its subsidiaries (together the "Group") for the six-month period ended 30 June 2022 have been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 31 December 2021, which was prepared in accordance with UK adopted International Accounting Standards (IFRS) and the Companies Act 2006, and any public announcements made by Graft Polymer (UK) plc during the interim reporting period and since.

These condensed consolidated interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2021 prepared under IFRS have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498(2) of the Companies Act 2006.

These condensed interim financial statements are prepared in GBP to the nearest £'000.

The condensed consolidated interim financial statements have not been audited.

1.1 GOING CONCERN

The interim financial statement have been prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

Taking into account the cash reserves at period end and having reviewed the forecasts for the coming 12 months, the Directors believe the Group has sufficient resources to meet its obligations for a period of at least 12 months from the date of approval of these financial statements.

Taking these matters into consideration, the Directors consider that the continued adoption of the going concern basis is appropriate and the Interim Financial Information does not reflect any adjustments that would be required if they were to be prepared other than on a going concern basis.

1.2 CRITICAL ACCOUNTING ESTIMATES

The preparation of condensed Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses, and disclosure of contingent assets and liabilities at the end of the reporting period.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the period ended 31 December 2021, with the nature and amounts of such estimates have not changed significantly during the interim period.

2. SEGEMENT REPORTING

The following information is given about the Group's reportable segments:

The Chief Operating Decision Maker is the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance of the Group. Management has determined the operating segment based on the reports reviewed by the Board.

The Board considers that during the six month period ended 30 June 2022 the Group operated in the single business segment of polymer development and production.

3. REVENUE

	6 Mths to 30 Jun 2022 £'000	6 Mths to 30 Jun 2021 £'000
Sales revenue	331	226
	331	226

4. OPERATING LOSS

Operating loss from continued operations is stated after (charging) / crediting:

	6 Mths to 30 Jun 2022 £'000	6 Mths to 30 Jun 2021 £'000
Operating costs	(155)	(204)
Director and employee costs	(324)	(142)
Professional and consulting fees	(277)	(194)
Travel expenses	(2)	(2)
Corporate and administrative costs	(145)	(7)
Other expenses	(35)	(20)
	(938)	(569)

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares in issue during the period.

	Six months to 30 Jun 2022 (unaudited)	Six months to 30 Jun 2021 (unaudited)
Loss for the period from continuing operations – £ '000s	(815)	(407)
Weighted number of ordinary shares in issue	102,967,002	70,000,000
Basic and diluted earnings per share from continuing operations – pence	(0.79)	(0.58)

There is no difference between the diluted loss per share and the basic loss per share presented. Share options and warrants could potentially dilute basic earnings per share in the future. These were not included in the calculation and no diluted earnings per share presented as the Group is loss making and additional equity instruments are anti-dilutive for the periods presented.

6. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment £'000	Total £'000
Cost		
At 1 June 2021 – (audited)	550	550
Additions	1	1
Exchange impact	(14)	(14)
At 31 December 2021 – (audited)	537	537
Additions	47	47
Exchange impact	15	15
At 30 June 2022 – (unaudited)	599	599
Depreciation		
At 1 June 2021	(186)	(186)
Charge for the year	(46)	(46)
Exchange impact	5	5
At 31 December 2021 – (audited)	(227)	(227)
Charge for the period	(41)	(41)
Exchange impact	(7)	(7)
At 30 June 2022 – (unaudited)	(275)	(275)
Net book value at 31 December 2021 (audited)	310	310
Net book value at 30 June 2022 (unaudited)	**324**	**324**

7. INTANGIBLE ASSETS

	30 June 2022 (unaudited) £'000	31 Dec 2021 (audited) £'000
Opening balance	2,068	2,068
Additions	-	-
	2,068	2,068

At each period / year end, the Directors assess the intangible assets for any indicators of impairment and have concluded no presence of such indicators, hence concluded that no impairment charge was necessary during the year (31 Dec 2021: £nil).

8. INVESTMENT

Company subsidiary undertakings

The Group owned interests in the following subsidiary undertakings, which are included in the consolidated financial statements:

Name	Holding		Business Activity	Country of Incorporation	Registered Address
	30 Jun 2022	31 Dec 2021			
Graft Polymer d.o.o.	100%	100%	Polymer development and production	Slovenia	Emonska Cesta 8, 1000, Ljubljana, Slovenia
Graft Polymer IP Limited	100%	100%	Holder of all Group Intellectual Property	England & Wales	Eccleston Yards, 25 Eccleston Place, London, SW1W 9NF

9. TRADE AND OTHER RECEIVABLES

	30 June 2022 (unaudited) £'000	31 Dec 2021 (audited) £'000
Trade receivables	25	20
Advanced payments for plant and equipment	152	-
Other taxes and social security	61	99
Other receivables	107	23
	345	142

10. TRADE AND OTHER PAYABLES

	30 June 2022 (unaudited) £'000	31 Dec 2021 (audited) £'000
Trade payables	67	841
Accruals	72	480
Other payables	39	39
	178	1,360

11. BORROWINGS

	30 June 2022 (unaudited) £'000	31 Dec 2021 (audited) £'000
Convertible note borrowings	-	958
	-	958

	30 June 2022 (unaudited) £'000	31 Dec 2021 (audited) £'000
Opening balance	958	653
Convertible loans issued	-	300
Exchange impact	-	(3)
Interest (repaid) / accrued	(8)	8
Settlement of convertible loans	(950)	
Closing balance	-	958

During the period, the Company completed the Admission to the London Stock exchange as part of the admission, the entire outstanding convertible loan note balance of £950,000 was converted through the issue of 7,947,786 Ordinary shares, with the balance of £8,000 in accrued interest settled in cash.

12. SHARE CAPITAL

	20 Jun 2022 (unaudited)	31 Dec 2021 (audited)
Issued and fully paid ordinary shares with a nominal value of 0.1p (2020: 0.01p)		
Number of shares	104,097,299	70,000,000
Nominal value (£'000)	41	7

Change in issued Share Capital and Share Premium:

	Number of shares	Share capital	Share premium	Total
Ordinary shares		**£'000**	**£'000**	**£'000**
Balance at 31 May 2021	70,000,000	7	942	949
Balance at 31 December 2021	70,000,000	7	942	949
Shares issued during the period	34,097,299 [1]	34	6,399	6,433
Share issue costs		-	(340)	(340)
Balance at 30 June 2022	104,097,299	41	7,001	7,042

[1] On 6 January 2022, the Group was admitted to the London Stock Exchange and upon Admission issued the following ordinary shares:

- 23,255,813 shares we issued at a price of £0.215 raising £5,000,000 before costs;
- 7,947,785 share were issued in settlement of convertible loan notes; and
- 2,893,701 shares were issued in settlement of accrued fees to directors and consultants outstanding as at 30 September 2021.

The share premium represents the difference between the nominal value of the shares issued and the actual amount subscribed less; the cost of issue of the shares, the value of the bonus share issue, or any bonus warrant issue.

Capital and reserves

During the previous period, the Company received £500,000 in relation to the subscription of shares for the Company's admission onto the London Stock Exchange which occurred during the current period.

During previous periods, the Directors approved a £2,500,000 reduction in capital resulting in a transfer being made from share premium to the capital reduction reserve.

The Group statements of changes in equity are set out on page 7 of this report.

13. EVENTS SUBSEQUENT TO PERIOD END

Other than as disclosed in these financial statement, there have been no further events subsequent to period end.