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9 February 2023

Graft Polymer (UK) Plc

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

Graft Polymer Company Update to Shareholders

- Completing New Product Lines and Expansion to Double Production Capacity -

Graft Polymer (UK) Plc (LSE: GPL), a business focused on the development and commercial production of modified polymer solutions including additives, alloys, synthesis, and drug delivery systems, is pleased to provide a detailed Company update on its recent activities. Significant progress was made during Q4 2022 to complete the installation of its new production facilities which will double existing production capacity, and add new product lines that are critical to opening new large commercial markets for the Company globally. This was a key part of the IPO fund raising to establish Graft Polymer's full production capability and therefore a material position in key customer markets to provide long term, reliable supply of its products to large industry partners.

Commenting on the second production line equipment installations and consequent product launches, Victor Bolduev, CEO, commented:

"In line with our key objectives at IPO, we have nearly completed the full installation of the new production lines in our Slovenian manufacturing facility. The final piece of key equipment is expected shortly and will be ready for installation during Q1 2023, completing the process of doubling our production capacity and adding new innovative lines to the portfolio, whilst reassuring future large customers that production will always be reliable.

"I am pleased to be reporting a further commercial purchase order, and from a cosmetic company which is a first for Graft Polymer. This is a clear demonstration of the capabilities of GraftBio's technology and ability to diversify product lines and pass strict testing conditions. December's strong sales, following month-on-month growth in 2022, is very encouraging and we expect this trend to continue in the months ahead.

"I am looking forward to reporting on continual developments for Graft Polymer as we continue to grow operationally and reputationally."

Further Details

2023 Operations Update - Second Production Line Equipment Installation

The Company is pleased to update shareholders on the status of the new production units installation with the first units of the modernised production equipment, incorporating Hot Ozone/Plasma Modification, Double Conical Vacuum Reactors and Pharma Emulsification Modules technologies, that will expand Graft Polymer's offered solutions to new companies and sectors and improve the production response time and capacities in both divisions. Further details of these technologies can be found in the appendix below.

The benefits of using Hot Ozone/Plasma Modification technologies include the expansion of Graft Polymer's product line with the production of Grafted Fluoropolymers with outstanding chemical and temperature resistance and crucially it is a clean and eco-friendly technique which minimizes waste.

The Slovenian facilities second production line equipment is almost complete with the technical team fully focused on completion of the installation process, that is now expected by the end of Q1 2023.

Once fully installed, the Company will double its production capacity, extend its product pipeline and increase the volume of products able to be produced for new sectors. In addition, the improvements made will make the Company's operations more efficient, reducing costs and delivery time to customers. The new production lines will begin operations by the middle of February 2023, with the final piece of equipment, the second line extruder expected to arrive and be commissioned by the end of Q1 2023. The production line expansion is delivering a key plank of the Company's strategy as set out at the time of the Company's IPO.

The commissioning and operation of this new production line and technologies alongside the research & development equipment, will ensure Graft Polymer is well positioned to continue its pioneering and market leading research and technology commercialisation in the polymer modification, and drug delivery systems industry. These new technologies, once commissioned, are in line with one of the Company's key objectives at its IPO early last year and once fully operational will be of key strategic importance when attracting large customers, in addition to mitigating any production risk that is associated with just one production line.

Commercial Sales December 2022 - Outlook and New Markets in 2023

The Company is pleased to report that December 2022 saw the Group's strongest month of sales in the year which followed month-on-month sales growth in 2022. The pipeline for 2023 is looking healthy and the Company expects this sales growth trend to continue.

With the installation of the new production lines, three of which are completed and the fourth due to be completed by the end of Q1 2023, the Company has completed its IPO operating plan to be positioned to attract key industry, long term supply agreements and customers. This is now the core focus of the CEO, Board and the management team for the Company to secure key long term supply contracts.

Demonstrating just this, Graft Polymer is pleased to announce its expansion into the cosmetics industry through the receipt of a commercial purchase order to the Group's GraftBio division. The purchase order is from an Irish cosmetics and luxury skin care producer for water-soluble Cannabidiol ("CBD") solution.

Although this is initially a small-scale purchase order, it demonstrates Graft Polymer's capabilities to diversify product lines and pass rigorous cosmetic testing requirements. The cosmetics product will be available for sale widely in the UK, both online and in the luxury department store Harvey Nichols.

****ENDS****

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Appendix -Terminology

Hot Ozone/Plasma Modification technology will be used for;

- Fluoropolymers Powder Coating
- Fluoropolymers based engineering plastics Alloys to produce revolutionary market price acceptable alloys with unique properties:
 - chemical resistance
 - flame resistant
 - abrasive resistance
- Polymeric Ozonides based on terpenoids and poly-alfa-olefins. Ozonides are outstanding products used as:
 - Initiators in polymerization reactions instead of peroxide initiators; and
 - Pharma
- Conversion of Graphite Powder into Modified Graphene Oxide for the development of relatively cheap Modified Graphene Oxide for polymer composites and H₂ (green gas) storage.

Double Conical Vacum Reactors a multifunctional production units will be used for;

1. Production of masterbatches with peroxides and other fillers
2. New method of drying our porous carriers - to make it more cost-effective by doubling production speed
3. New method of grafting powders and fillers.

Pharma Emulsification Modules upgraded units will be used for;

1. Synthesis "Endocannabinoid" and produce fatty acid amide
2. Development of a new proprietary emulsifier based on FAA to max increase bioavailability of drugs in blood plasma
3. Commercial production of the Group's already developed goods.

About Graft Polymer

Graft Polymer is a London Stock Exchange listed company (GPL.L) with a cutting-edge, cash-flow positive, research and development (R&D) and manufacturing facility based in Slovenia which has already introduced more than 50 products to the market. The core business of the Group comprises polymer modification and drug delivery system developments. The Group has developed a proprietary set of polymer modification technologies which uses recycled raw materials and a closed loop system to reduce waste. Graft Polymer's technology can improve existing products and processing methodologies by enhancing performance, simplifying manufacturing, reducing material consumption, widening the choice of feedstocks, and reducing costs.

Graft Polymer has two divisions: the first division focusses on polymer modification; the second is GraftBio which develops IP for Bio/Pharma applications (including a drug delivery system to support and provide solutions to the market, which had been heavily impacted by the COVID-19 pandemic). A significant milestone was reached in May 2022 when the Slovenian manufacturing facility was granted a Hazard Analysis and Critical Control Point (HACCP) Certificate.

Environment, Social and Governance is at the forefront of the Group's strategy and the facility in Slovenia has been granted ISO 14001 accreditation in recognition of the environmental management systems in place to reduce waste. Graft Polymer only uses REACH and ROHS certificated raw materials instead of toxic raw materials, and its extensive R&D programme has also developed specialised recycling polymer additives which increases the strength of recycled blends and plastic products whilst also reducing plastic waste by between 40 and 50 per cent.

Graft Polymer is well funded and debt free.

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