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Proton Motor Power Systems Limited

Annual report and financial statements

Registered number 05700614

31 December 2024

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Contents

Strategic report

The Directors present the strategic report for the year ended 31 December 2024.

Business review

Proton Motor Power Systems Limited ("Proton Motor") and its subsidiaries' (the "Group") principal activity is the development and production of hydrogen low temperature proton exchange membrane ("PEM") fuel cells and fuel cell systems and hybrid systems through its German subsidiary Proton Motor Fuel Cell GmbH ("PM").

Proton Motor has made further progress this year in proving its technology. The Group continues to see a strong market trend to focus on hydrogen as a renewable energy carrier to manage the energy transmission process, especially in stationary applications for combined power and heat generation, autonomous power supply, power to power applications and emergency power supply, where a strong market ramp up is expected over the coming years. In all of the above sectors and applications, the Group has significant know-how in fuel cell stacks, systems and applications.

The Group has always recognised the commercial importance and value of protecting its intellectual property ("IP") and, therefore, the need to protect it wherever possible by way of patents and trademarks. The Group's key IP portfolio comprises a mixture of granted patents, patent applications, trademarks, confidential information and know-how.

During the year a restructuring programme to achieve a minimised cost base was instigated in order to reduce the cash burden on the Group following notification from the primary funders that they would not be extending the existing debt facilities. This programme was completed in 2025, having reduced operating costs to a point where monthly cash burn has been stabilised at around €150k per month. This also included the Company delisting from the AIM Market of the London Stock Exchange on 11 February 2025.

The current strategic focus is centred on selling fuel cell systems in the Power & Heat Generation, and Autonomous Power Supply Stationary segments, in which Proton possesses expertise. In 2025 the search for alternative providers of financing or a buyer has been continued. The controlling parties continue to support the Group through extension of repayment terms as noted in Note 2 of the financial statements.

The Group undertakes comprehensive business planning to define long-term strategic objectives and goals. Annual budgets and operational plans are prepared utilising financial and non-financial Key Performance Indicators ("KPIs"). Business performance is measured by KPIs which include monitoring of actual against budget and rolling forecasts, and R&D project status. These are reported to the Board on a quarterly basis and to executive management on a monthly basis.

Key performance indicators:

- Total order intake in 2024 of £1,273k (2023: £2,512k), including a mix of repeat and new customer orders, supporting current and future revenue.
- At the year end the production backlog was £849k (2022: £2,471k). Fulfilment of this backlog will result in deliveries of varying configurations of fuel cell systems and also service maintenance charges to customers both in 2025 and 2026.
- Notable orders announced throughout the year included:
  - DB Bahnbau Gruppe, part of Deutsch Bahn AG for two indoor emergency power units including HyCabinet S24 with 3 HyModule S8s
- Sales in 2024 were £1,912k (2023: £2,122k), representing an annual decrease of 9.9%.
- The number of system sales in 2024 decreased by 81% to 8 (2023: 42 system sales).
- The operating loss in 2024 was £24,475k (2023: £10,368k), resulting principally from a one-off impairment of a leased property contained in Right of Use Assets amounting to £12.3m (See Note 12). Further losses from restructuring measures including reduction of the staff complement and write-offs and provisions against inventory and fixed assets.

Cash utilisation from operating activities has increased during the period to £12,012k (2023: £9,959k). Cash flow is the Group's key financial performance target, and our objective is to achieve positive cash flow in the shortest time possible by increasing sales and reducing costs. The cash position as of 31 December 2024 was £1,497k (31 December 2023: £2,741k).

Post year end developments included:

- Completion of restructuring programme to match the business plan for the new year, based on a reduced headcount of 16. The Board continues to monitor the Company's cost structure to ensure that this remains aligned with growth expectations in the short to medium term.
- Receipt in January 2025 of R&D tax credit totalling €2.4m
- Securing financing agreement for €2.5m for the year 2026.

Results & Financing

The Group delivered results seeing revenue of £1.9m (2023: £2.1m) and an operating loss of £24.5m (2023: £10.4m). Proton ended the year with cash of £1.5m, reflecting the continued support of our principal shareholder. Due to discontinuation of financing from the principal shareholder as from 2025, Proton was primarily financed in 2025 by the receipt of £2.4m in respect of a R&D tax credit. A new financing agreement of £2.5m has been secured for the year 2026.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The Board reviews these risks, as outlined below, and puts in place policies to mitigate them.

Operating revenues and future funding
Although the Director and management have confidence in the Group's future revenue earning potential, there can be no certainty that the Group will achieve or sustain significant revenues, profitability or positive cash flow from its operating activities. This could impair the Group's ability to sustain operations or secure any required funding. To date, the Group has incurred substantial losses and expects losses and cash expenditure to continue until it achieves volume sales production at commercial unit prices, and/or license fee and cooperation related income. The Director constantly monitors operational cash flows and management prepare projections to identify cash flow shortages. Loans to cover operating cash flow shortages have been provided by the Group's principal shareholder and Falih Nahab and it is expected that these loan agreements will be extended or renewed as required for the foreseeable future. Whilst support has been committed from the shareholders for at least the next 12 months, the Board recognises that the Group must show improved financial performance to warrant further financial support.

Further development activities
Continuing development of the Group's technology may be required and there can be no assurance that any of the Group's future technology will be commercially successful. The Group may encounter delays and incur additional research and development costs and expenses over and above those anticipated or allowed for by the Director. A core component within the Group's product offering is its fuel cell module. This is now fully validated according to its product specifications and has gone through all necessary legislative certification processes, so that it is now commercially available. Systems have also gone through a number of internal validation processes and meet their specifications. However, as with any new technology, there are risks associated with the long-term operational life of the product above the proven 10,000 hours.

The Group's activities are focused on transferring from a purely project based company into a manufacturing company. In order to achieve this, a production planning process is currently in place with the focus on reducing manufacturing time and costs. Future decisions regarding what will be transferred to an external manufacturer, or licensed and when, will be based purely on costs.

Outlook

Hydrogen as a zero-emission energy carrier will undoubtedly play a major role in the success of the energy transition, and a significant number of hydrogen generation projects are in development. Fuel cells represent the most efficient way of using hydrogen to create electricity for stationary applications. This represents a very significant and growing opportunity, on the back of the increasing need for back-up power, critical power systems and off-grid solutions. Much of this market is currently served by diesel generators, which are highly polluting and expensive to run and maintain, making fuel cells an attractive alternative, with identical usability characteristics.

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Adoption will inevitably take time, as customers need to get comfortable and gain confidence in the technology. That said, we are increasingly seeing repeat orders, from multiple blue-chip clients that have now gone through that process. That includes companies such as DB Bahnbau Gruppe GmbH, a subsidiary of Deutsche Bahn AG, Germany's leading full-service provider for rail infrastructure.

The Group's principal objective is to expand through organic growth, but also with industrial partners based on licence agreements and mutually beneficial cooperations, such as joint ventures. This will enable the Group to achieve a more economically competitive unit cost for its fuel cells and fuel cell hybrid systems. Also, the Group will utilize the sales channels of its industrial partners to address various markets and ensure growth of sales volume. The Director believes that the advanced stage of commercialisation of the Group's technology, coupled with the Group's preferred partnerships, will enable the business to establish itself firmly as a leading, global, fuel cell, fuel cell hybrid system provider.

On behalf of the Board

Signed by:
Falih Nahab
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Falih Nahab
Director

Date: 22 December 2025

Directors' report

The Directors present their annual report and the audited financial statements of the Group and parent company ("the Company") for the year ended 31 December 2024.

Proposed dividend

The Directors do not recommend the payment of a dividend *(2023: £nil)*.

Directors

The Directors who held office during the year and up to the date of approval of this report were as follows:

Dr. Faiz Nahab	(resigned 19 February 2025)
Helmut Gierse	(resigned 22 May 2024)
Antonio Bossi	(resigned 17 February 2025)
Ali Naini	(resigned 9 September 2024)
Sebastian Goldner	(resigned 17 February 2025)
Roman Kotlarzewski	(resigned 19 February 2025)
Manfred Limbrunner	(resigned 28 October 2024)
Falih Nahab	(appointed 18 February 2025)

Statement of Director's responsibilities in respect of the financial statements

The Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has prepared the group financial statements in accordance with UK adopted international accounting standards and company financial statements in accordance with UK adopted international accounting standards. Under company law the Director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group and parent company for that period. In preparing the financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK adopted international accounting standards have been followed for the Group financial statements and UK adopted international accounting standards have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Director is also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Independent Auditors

In accordance with section 489 of the Companies Act 2006, a resolution to confirm the re-appointment of Sumer Auditco Limited, as auditors of the Group and parent company will be proposed at the forthcoming Annual General Meeting.

Going Concern considerations

Until such time as the Group achieves operational cash inflows to cover operations it will remain dependent on its ability to raise cash to fund its operations from existing and potential shareholders and the debt market. The restructuring programme to achieve a minimised cost base, as instigated in 2024, was completed in 2025. The current strategic focus is centred on selling fuel cell systems in the Power & Heat Generation, and Autonomous Power Supply Stationary segments, in which Proton possesses expertise. In 2025 the search for alternative providers of financing or a buyer has been continued.

The Group has historically been dependent on the continuing financial support of its main investors, SFN Cleantech Investment Ltd and Mr Falih Nahab to meet its day-to-day working capital requirements. The Group has loans with SFN Cleantech Investment Ltd of €2.4m and €32.3m and also loan facilities with director, Mr. Falih Nahab, of €89.5m. An additional loan facility of €2.5m has also been secured with a new funder post year end which will finance any operating costs that can not be covered by revenue and/or other income for at least the next 12 months.

Due to the continued losses incurred by the Group and lack of operational cash inflows, material uncertainty exists which may cast significant doubt upon the Group and the Company's ability to continue as a going concern. The Director firmly believes however that the Group and Company remain a going concern on the grounds that the controlling parties have continued to support both entities throughout recent years, as well as funding having been agreed for at least the next 12 months. For further information see Note 2 of the financial statements.

Strategic Report

The Group has chosen in accordance with Companies Act 2006, s. 414C(ii) to set out in the Group´s Strategic Report information required by the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 otherwise to be contained in the Directors´ report. It has done so in respect of the future developments of the Group.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Group's auditor is unaware. Additionally, the director individually has taken all the necessary steps that they ought to have taken as a director in order to make themself aware of all relevant audit information and to establish that the Group's auditor is aware of that information.

On behalf of the Board

Signed by:
Falih Nahab
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Falih Nahab Date: 22 December 2025
Director

Company information

Registered number

05700614

Directors
Falih Nahab

Secretary
Roman Kotlarzewski

Registered office

c/o RMT Accountants & Business Advisors Ltd
Unit 2
Gosforth Park Avenue
Newcastle upon Tyne
NE12 8EG

Independent Auditors

Sumer Auditco Limited
Unit 2
Gosforth Park Avenue
Newcastle upon Tyne
NE12 8EG

Independent auditors' report to the members of Proton Motor Power Systems Limited

Opinion

We have audited the financial statements of Proton Motor Power Systems Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Group and Company statements of financial position, Group and Company statements of changes in equity, Group and Company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2024 and of the Group's and the parent company's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

In forming our opinions on the Group and parent company financial statements, which are not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Group's and the parent company's ability to continue as a going concern. The Group and the parent company are dependent on the continuing support of existing shareholders and additional external funding in order to meet their day to day working capital commitments. As explained in note 2 to the financial statements, a material uncertainty exists which may cast significant doubt about the Group's and the parent company's ability to continue as a going concern. The group financial statements do not include the adjustments that would result if the Group and the parent company were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

Independent auditors' report to the members of Proton Motor Power Systems Limited (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group, the parent company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Director

As explained more fully in the Director's responsibilities statement, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Capability of the audit in detecting irregularities, including fraud

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements including International Financial Reporting Standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include the health and safety regulations.

Independent auditors' report to the members of Proton Motor Power Systems Limited (continued)

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; review of board minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Maxine Pott
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Maxine Pott (Senior Statutory Auditor)
for and on behalf of Sumer Auditco Limited
Statutory Auditors
Unit 2
Gosforth Park Avenue
Newcastle upon Tyne
NE12 8EG

Date: 22 December 2025

Consolidated income statement

for the year ended 31 December 2024

	Note	2024	2023
		£'000	£'000
Revenue	4	1,912	2,122
Cost of sales		(4,198)	(1,654)
Gross loss		(2,286)	468
Other operating income		1,243	2,071
Administrative expenses		(23,432)	(12,907)
Operating loss		(24,475)	(10,368)
Finance income		-	-
Finance (costs)	9	(3,105)	(4,160)
(Loss) / Profit for the year before tax	5	(27,580)	(14,528)
Tax	8		
(Loss) / Profit for the year after tax		(27,580)	(14,528)

Consolidated statement of comprehensive income
for the year ended 31 December 2024

	2024	2023
	£'000	£'000
(Loss) for the year	(27,580)	(14,528)
Other comprehensive (expense)		
Items that may not be reclassified to profit and loss		
Exchange differences on translating foreign operations	(2,026)	(1,301)
Total other comprehensive (expense)	(2,026)	(1,301)
Total comprehensive (expense) for the year	(29,606)	(15,829)
Attributable to owners of the parent	(29,606)	(15,829)

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Consolidated statement of financial position

as at 31 December 2024

		Group	
		2024	2023
	Note	**£'000**	£'000
Assets			
Non-current assets			
Intangible assets	*10*	**-**	95
Property, plant and equipment	*11*	**824**	3,483
Right-of-use assets	*12*	**227**	13,660
Fixed asset investments	*13*	**-**	-
		1,051	17,238
Current assets			
Inventories	*14*	**1,148**	2,760
Trade and other receivables	*15*	**3,656**	3,235
Cash and cash equivalents	*16*	**1,497**	2,741
		6,301	8,736
Total assets		**7,352**	25,974
Liabilities			
Current liabilities			
Trade and other payables	*17*	**4,089**	5,725
Lease debt	*18*	**1,001**	828
Borrowings	*19*	**129,696**	261
		134,786	6,814
Non-current liabilities			
Lease debt	*18*	**12,944**	13,921
Borrowings	*19*	**-**	116,947
		12,944	130,868
Total liabilities		**147,730**	137,682
Net liabilities		**(140,378)**	(111,708)
Equity			
Equity attributable to equity holders of the parent company			
Share capital	*21*	**11,588**	11,235
Share premium		**24,764**	22,816
Merger reserve		**15,656**	15,656
Reverse acquisition reserve		**(13,861)**	(13,861)
Share option reserve		**1,028**	3,346
Foreign translation reserve		**14,865**	13,855
Capital contribution reserve		**289,416**	289,470
Accumulated losses			
At 1 January 2023		**(454,225)**	(439,697)
(Loss) for the year attributable to the owners		**(27,580)**	(14,528)
Other changes in retained earnings		**(2,029)**	-
Total equity		**(140,378)**	(111,708)

These financial statements on pages 12 to 42 were approved and authorised for issue by the Director on 22 December 2025 and were signed on its behalf by:

Signed by:

Falih Nahab

Fatih Nahab

Director

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Statement of Financial Position – Company
as at 31 December 2024

	Note	Company £'000	£'000
Assets			
Current assets			
Trade and other receivables	*15*	**248**	296
Cash and cash equivalents	*16*	**5**	5
		253	301
Total assets		**253**	301
Liabilities			
Current liabilities			
Trade and other payables	*17*	**357**	1,041
Lease debt	*18*	-	-
Borrowings	*19*	**129,455**	-
		129,812	1,041
Non-current liabilities			
Lease debt	*18*	-	-
Borrowings	*19*	-	116,947
		-	116,947
Total liabilities		**129,812**	117,988
Net liabilities		**(129,559)**	(117,687)
Equity			
Equity attributable to equity holders of the parent company			
Share capital	*21*	**11,588**	11,235
Share premium		**24,764**	22,816
Capital contribution reserve		**288,291**	288,291
Merger reserve		**15,656**	15,656
Share option reserve		**1,028**	3,346
Accumulated losses			
At 1 January 2023		**(459,031)**	(441,927)
(Loss) / Profit for the year attributable to the owners		**(11,853)**	(16,985)
Other changes in retained earnings		**(2)**	(119)
Total equity		**(129,559)**	(117,687)

These financial statements on pages 12 to 42 were approved and authorised for issue by the Director on 22 December 2025 and were signed on its behalf by:

Signed by:
Falih Nahab
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Falih Nahab
Director

Company registration number: 05700614

Consolidated Statement of Changes in Equity
for the year ended 31 December 2024

Group	Share Capital £' 000	Share Premium £' 000	Merger Reserve £' 000	Reverse Acquisition Reserve £' 000	Share Option Reserve £' 000	Foreign Translation Reserve £' 000	Capital Contribution reserve £' 000	Accumulated Losses £' 000	Total Equity £' 000
Balance at 1 January 2023	**11,040**	**20,717**	**15,656**	**(13,861)**	**2,728**	**12,509**	**289,497**	**(438,277)**	**(99,991)**
Share based payments	10	186	-	-	618	-	-	(119)	695
Proceeds from share issues	185	1,913	-	-	-	-	-	-	2,098
Transactions with owners	**195**	**2,099**	-	-	**618**	-	-	**(119)**	**2,793**
Loss for the period	-	-	-	-	-	-	-	(14,528)	**(14,528)**
Other comprehensive income:									
Currency translation differences	-	-	-	-	-	1,346	(27)	(1,301)	**18**
Total comprehensive income for the year	-	-	-	-	-	**1,346**	**(27)**	**(15,829)**	**(14,510)**
Balance at 31 December 2023	**11,235**	**22,816**	**15,656**	**(13,861)**	**3,346**	**13,855**	**289,470**	**(454,225)**	**(111,708)**
Balance at 1 January 2024	**11,235**	**22,816**	**15,656**	**(13,861)**	**3,346**	**13,855**	**289,470**	**(454,225)**	**(111,708)**
Share based payments	1	11	-	-	(2,318)	-	-	(3)	**(2,309)**
Proceeds from share issues	352	1,937	-	-	-	-	-	-	**2,289**
Transactions with owners	**353**	**1,948**	-	-	**(2,318)**	-	-	**(3)**	**(20)**
Loss for the period	-	-	-	-	-	-	-	(27,580)	**(27,580)**
Other comprehensive income:									
Currency translation differences	-	-	-	-	-	1,010	(54)	(2,026)	**(1,070)**
Total comprehensive income for the year	-	-	-	-	-	**1,010**	**(54)**	**(29,606)**	**(28,650)**
Balance at 31 December 2024	**11,588**	**24,764**	**15,656**	**(13,861)**	**1,028**	**14,865**	**289,416**	**(483,834)**	**(140,378)**

Statements of Changes in Equity - Company

for the year ended 31 December 2024

Company	Share Capital £' 000	Share Premium £' 000	Capital Contribution reserve £' 000	Merger Reserve £' 000	Share Option Reserve £' 000	Accumulated Losses £' 000	Total Equity £' 000
Balance at 1 January 2023	**11,040**	**20,717**	**288,291**	**15,656**	**2,728**	**(441,927)**	**(103,495)**
Share based payments	10	186	-	-	618	(119)	**695**
Proceeds from share issues	185	1,913	-	-	-	-	**2,098**
Transactions with owners	**195**	**2,099**	**-**	**-**	**618**	**(119)**	**2,793**
Loss for the period	-	-	-	-	-	(16,985)	**(16,985)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(16,985)**	**(16,985)**
Balance at 31 December 2023	**11,235**	**22,816**	**288,291**	**15,656**	**3,346**	**(459,031)**	**(117,687)**
Balance at 1 January 2024	**11,235**	**22,816**	**288,291**	**15,656**	**3,346**	**(459,031)**	**(117,687)**
Share based payments	1	11	-	-	(2,318)	(2)	**(2,308)**
Proceeds from share issues	352	1,937	-	-	-	-	**2,289**
Transactions with owners	**353**	**1,948**	**-**	**-**	**(2,318)**	**(2)**	**(19)**
Loss for the period	-	-	-	-	-	(11,853)	**(11,853)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(11,853)**	**(11,853)**
Balance at 31 December 2024	**11,588**	**24,764**	**288,291**	**15,656**	**1,028**	**(470,886)**	**(129,559)**

Share premium
Costs directly associated with the issue of the new shares have been set off against the premium generated on issue of new shares.

Merger reserve
The merger reserve of £15,656,000 arises as a result of the acquisition of Proton Motor Fuel Cell GmbH and represents the difference between the nominal value of the share capital issued by the Company and its fair value at 31 October 2006, the date of the acquisition.

Reverse acquisition reserve
The reverse acquisition reserve (Group only) arises as a result of the method of accounting for the acquisition of Proton Motor Fuel Cell GmbH by the Company. In accordance with IFRS 3 the acquisition has been accounted for as a reverse acquisition.

Share option reserve
The Group operates two equity settled share-based compensation schemes. The fair value of the employee services received for the grant of the share awards/options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards/options granted. At each balance sheet date the Company revises its estimate of the number of share awards/options that are expected to vest. The original expense and revisions of the original estimates are reflected in the income statement with a corresponding adjustment to equity. The share option reserve represents the balance of that equity.

Capital contribution reserve
The capital contribution reserves include a balance of £288,291,235 in relation to the gain on release of an embedded derivative held by the shareholders in December 2021. The waiver of a conversion feature on loan instruments, and subsequent derecognition of embedded derivative, was considered to constitute a transaction with owners in their capacity as owners and as such the gain was presented in equity.

Consolidated Statement of cash flows

for the year ended 31 December 2024

	Group	
	Year ended 31 December	
	2024	2023
	£' 000	£' 000
Cash flows from operating activities		
Profit / (Loss) for the period	**(27,580)**	(14,528)
Adjustments for:		
Depreciation and amortisation	**1,610**	1,472
Impairment on assets	**12,709**	-
Loss on disposal of fixed assets	**906**	-
Interest expense	**6,785**	6,350
Share based payments	**(2,318)**	618
Movement in inventories	**1,613**	(459)
Movement in trade and other receivables	**(421)**	(2,289)
Movement in trade and other payables	**(1,636)**	1,068
Exchange rate movements	**(3,680)**	(2,191)
Net cash (used in) / generated from operating activities	**(12,012)**	(9,959)
Cash flows from investing activities		
Purchases of intangible assets	**(7)**	(29)
Purchases of property, plant and equipment	**(934)**	(1,982)
Net cash used in investing activities	**(941)**	(2,011)
Cash flows from financing activities		
Proceeds from issue of loan instruments	**12,310**	12,311
Proceeds from issue of new shares	**90**	177
Repayment of obligations under lease debt	**(804)**	(210)
Repayment of short term borrowings	**(20)**	(205)
Net cash generated from financing activities	**11,576**	12,073
Net (decrease) / increase in cash and cash equivalents	**(1,377)**	103
Effect of foreign exchange rates	**133**	(82)
Opening cash and cash equivalents	**2,741**	2,720
Closing cash and cash equivalents	**1,497**	2,741

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Statement of cash flows - Company

for the year ended 31 December 2024

	Company	
	Year ended 31 December	
	2024	2023
	£' 000	£' 000
Cash flows from operating activities		
(Loss) for the period	**(11,853)**	(16,985)
Adjustments for:		
Impairment of investment	**11,489**	12,342
Interest income	**(40)**	(38)
Interest expense	**6,086**	5,818
Share based payments	**(2,318)**	618
Movement in trade and other receivables	**49**	(42)
Movement in trade and other payables	**(684)**	290
Exchange rate movements	**(3,680)**	(2,191)
Net cash (used in) / generated from operating activities	**(951)**	(188)
Cash flows from investing activities		
Capital contributions to subsidiaries	**(11,489)**	(12,342)
Interest received	**40**	38
Net cash used in investing activities	**(11,449)**	(12,304)
Cash flows from financing activities		
Proceeds from issue of loan instruments	**12,310**	12,311
Proceeds from issue of new shares	**90**	177
Net cash generated from financing activities	**12,400**	12,488
Net (decrease) / increase in cash and cash equivalents	-	(4)
Effect of foreign exchange rates	-	-
Opening cash and cash equivalents	**5**	9
Closing cash and cash equivalents	**5**	5

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Notes to the consolidated financial statements

1. General information

Proton Motor Power Systems Limited ("the Company") and its subsidiaries (together "the Group") design, develop, manufacture and test fuel cells and fuel cell hybrid systems as well as the related technical components. The Group's design, research and development and production facilities are located in Germany.

The Company is a private company limited by shares incorporated in England and Wales, domiciled in the UK. The address of its registered office is: c/o RMT Accountants & Business Advisors Ltd, Unit 2 Gosforth Park Avenue, Newcastle upon Tyne, NE12 8EG. The Company delisted from the AIM Market of the London Stock Exchange on 11 February 2025.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The accounting policies have been applied consistently, other than where new standards have been adopted during the year.

Development of the Group

Proton Motor Power Systems Limited was incorporated on 7 February 2006 and on 31 October 2006 acquired the entire share capital of Proton Motor Fuel Cell GmbH. As a result of this transaction, the shareholders in Proton Motor Fuel Cell GmbH received shares in the Company.

In preparing the consolidated financial statements, Proton Motor Fuel Cell GmbH has been deemed to be the acquirer and the Company, the legal parent, has been deemed to be the acquiree. Under IFRS 3 "Business Combinations", the acquisition of Proton Motor Fuel Cell GmbH by the Company has been accounted for as a reverse acquisition and the consolidated IFRS financial information of the Company is therefore a continuation of the financial information of Proton Motor Fuel Cell GmbH.

On 7 February 2013 Group acquired 100% of the share capital of SPower Holding GmbH with its subsidiary SPower GmbH. On 1 January 2015 the trade and assets of SPower GmbH were transferred to Proton Motor Fuel Cell GmbH, whilst SPower Holding GmbH was merged into SPower GmbH at the same date.

Subsidiary	Registered Office
Proton Motor Fuel Cell GmbH	Benzstraße 7, 82178 Puchheim, Germany
SPower GmbH	Benzstraße 7, 82178 Puchheim, Germany

Although the parent Company has produced its own income statement for approval by the Board, as permitted by Section 408 of the Companies Act 2006, no separate income statement is presented in respect of the parent Company. The loss for the financial year dealt within the financial statements of the parent Company was £11,853k (2023: £16,985k).

Basis of preparation

The consolidated financial statements of the Group and the financial statements of the Company have been prepared in accordance with UK adopted international accounting standards (IFRS) and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRS.

The consolidated financial statements and the financial statements of the Company have been prepared under the historical cost convention and in accordance with IFRS interpretations (IFRS IC) except for embedded derivatives which are carried at fair value through the income statement and on the basis that the Group continues to be a going concern.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

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Notes to the consolidated financial statements (continued)

2. Summary of significant accounting policies (continued)

Going concern

Until such time as the Group achieves operational cash inflows to cover operations it will remain dependent on its ability to raise cash to fund its operations from existing and potential shareholders and the debt market. The restructuring programme to achieve a minimised cost base, as instigated in 2024, was completed in 2025. The current strategic focus is centred on selling fuel cell systems in the Power & Heat Generation, and Autonomous Power Supply Stationary segments, in which Proton possesses expertise. In 2025 the search for alternative providers of financing or a buyer has been continued.

The Group has historically been dependent on the continuing financial support of its main investors, SFN Cleantech Investment Ltd and Mr Falih Nahab to meet its day-to-day working capital requirements. The Group has loans with SFN Cleantech Investment Ltd of €2.4m and €32.3m and also loan facilities with director, Mr. Falih Nahab, of €89.5m. At reporting date the repayment date for all loans was 31 December 2025. As such the loans are held as current borrowings in the financial statements. Subsequent to the 2024 year end the repayment date has been extended to 31 December 2026. An additional loan facility of €2.5m has also been secured with a new funder post year end which will finance any operating costs that can not be covered by revenue and/or other income for at least the next 12 months.

Post year end the Group has substantially streamlined operations, having delisted, and reduced operating costs to a point where monthly cash burn has been stabilised at around €150k per month. Cash flow forecasts demonstrate that the Company and the Group has committed facilities to enable the group to meet its cash requirements for the period up to at least December 2026.

Due to the continued losses incurred by the Group and lack of operational cash inflows, material uncertainty exists which may cast significant doubt upon the Group and the Company's ability to continue as a going concern. The Director firmly believes however that the Group and Company remain a going concern on the grounds that the controlling parties have continued to support both entities throughout recent years, as well as funding having been agreed for at least the next 12 months.

The financial statements do not include the adjustments that would result if the Group or Company was unable to continue as a going concern.

Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Acquisition costs are expensed as incurred. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the consolidated financial statements (continued)

2. Summary of significant accounting policies (continued)

Goodwill
Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least annually, or more frequently where circumstances suggest an impairment may have occurred. Any impairment is recognised immediately in the income statement and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Share-based payments
The Company issues equity-settled share-based payments to certain employees of the Group as consideration for equity instruments (share awards and options) of the Group. A fair value for the equity settled share awards/options is measured at the date of grant. The Group measures the fair value using the valuation technique most appropriate to value each class of award being a Black-Scholes pricing model. The fair value of the employee services received in exchange for the grant of the share award/options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions; (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of share awards/options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency is the Euro. The consolidated financial statements are presented in British Pounds ("Sterling"), which is the Group's presentation currency. Given the Company's listing on the AIM Market of the London Stock Exchange, the Directors consider that it is appropriate to present the financial statements in Sterling.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Notes to the consolidated financial statements (continued)

2. Summary of significant accounting policies (continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets, liabilities and equity for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as other comprehensive income.

Cost of investment

The cost of an acquisition is measured at the fair values, on the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued. At each balance sheet date, the Company reviews the carrying amount of the investment to determine whether there is any indication that the investment has suffered an impairment loss. Any impairment loss is recognised as an expense immediately.

Property, plant and equipment

Property, plant and equipment are stated at acquisition cost or, as the case may be, production cost, reduced by accumulated depreciation and impairment losses. Costs of acquisition / costs of production include the expenses directly attributable to the acquisition. All repairs and maintenance are reported in the income statement as expenditure in the financial year in which they were incurred. The costs of production include all directly attributable costs, as well as the appropriate proportion of the overheads relating to production.

Depreciation is charged on the basis of the economic life of the assets on a straight line basis as follows:

- Office & other equipment - 10% - 33%
- Technical equipment & machinery - 10% - 20%
- Leasehold property improvements - over the life of the lease, or useful economic life where shorter
- Assets under construction - transferred when complete and depreciated according to the above
- Right-of-use assets - over the life of the lease

Additions in the financial year are depreciated from the time of their acquisition.

The residual values and the useful lives of property, plant and equipment are reviewed at each financial year-end and, if applicable, are adjusted. When the carrying amount of an asset exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount.

Gains and losses arising from the disposal of assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income statement.

Intangible assets

Intangible assets are capitalised at acquisition cost and amortised over their estimated economic life of the assets of three years, on a straight-line basis.

A self-developed intangible asset is recognised if the following criteria are fulfilled:

- identification of the self-developed asset is possible;
- the technical feasibility of completing the self-developed asset so that it will be available for use or sale;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell;

Notes to the consolidated financial statements (continued)

2. **Summary of significant accounting policies (continued)**

- probability that the expected future economic benefits that are attributable to the self-developed intangible asset will flow to the entity; and
- the development costs of the asset can be measured reliably.

Self-developed intangible assets are amortised over the assumed economic life of the assets, on a straight-line basis. If a self-developed intangible asset is not recognized in accordance with IAS 38, the development costs are expensed in the period in which they are incurred.

Amortisation starts when the asset is available for use. The capitalised costs include all directly attributable costs, as well as reasonable parts of the overheads relating to production.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables
Trade and other receivables are recorded at the time of their initial recognition at fair value and subsequently at amortized cost less any impairment in value that may be necessary. An impairment in value in the case of trade and other receivables is recognized if there are objective indications that the amount of the debt due cannot be collected in full. The impairment in value is recognized in the income statement. Insofar as the reasons for value adjustments made in previous periods no longer exist, corresponding write-ups shall be made.

Cash and cash equivalents
Deposits with financial institutions are initially measured at their fair value. There are no cash equivalents.

Share capital
Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade and other payables
Trade and other payables, payables in respect of shareholders as well as other payables, are initially valued at fair value and subsequently at amortised cost.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Where it is deemed that a host debt instrument contains an embedded derivative, the embedded derivative is recognised separately, initially at fair value, and subsequently fair valued through the income statement.

Current and deferred income taxes
Tax expenses are the aggregate amount of current taxes and deferred taxes. Current taxes are measured in respect of the taxable profit (tax loss) for a period. Current tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are the future tax expense (tax income) on the differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Notes to the consolidated financial statements (continued)

2. Summary of significant accounting policies (continued)

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part, or all, of that deferred tax asset to be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred taxes are recognized in the income statement, except to the extent that it relates to items previously charged or credited to equity.

Employee benefits
The Company makes discretionary contributions to the personal pension plans of employees. The contributions are expensed on an accruals basis. The Group has no further payment obligations once the contributions have been paid.

Recognition of revenue and expenses
Revenue comprises the sales value of goods and the rendering of services in line with IFRS 15. Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT, rebates and trade discounts. Revenue is recognised at the point that the goods or services have been provided to the customer. Recognition of revenues from interest and interest expenses is made on an accruals basis. Financing costs are recorded as expenses in the period in which they are incurred. Research costs are expensed in the period in which they are incurred. Expenses for development costs that fulfil the intangible assets policy are capitalised in the year incurred (see Intangible assets above).

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants for expenses already incurred are recognized as income in the period in which the corresponding claim is created. If applicable, received government grants are deducted from the capitalised development costs in accordance with IAS 20.24.

Leases
At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a

Notes to the consolidated financial statements (continued)

2. Summary of significant accounting policies (continued)

purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

Conversion of debt instruments
On conversion of debt instruments the total consideration is deemed to be the fair value of the liabilities extinguished in accordance with the Companies Act.

Implementation of new accounting standards
During the year ended 31 December 2024, the Group has not adopted any new IFRS, IAS or amendments issued by the IASB, and interpretations by the IFRS Interpretations Committee which have been adopted in the United Kingdom, which have had a material impact on the Group's financial statements.

Impact of standards issued but not yet applied
The Group currently adopts all relevant accounting standards that have been endorsed by and adopted in the United Kingdom. There are various standards that have either been endorsed but are not yet effective, or are expected to be endorsed in 2025. The Group believes these standards will have no material impact on the financial statements.

3. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Determining residual values and useful economic lives of intangible fixed assets and property, plant & equipment
The Group depreciates property, plant & equipment and amortises intangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management.
Judgement is applied by management when determining the residual values of property, plant & equipment and intangible fixed assets. When determining the residual value management aim to assess the amount that the Group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. The carrying amount of group intangible fixed assets at the reporting date was £nil (2023: £95k) and the carrying amount of group property, plant & equipment at the reporting date was £824k (2023: £3,483k).

Inventory provisions
In accordance with IAS 2 the Group regularly reviews its inventory to ensure it is carried at the lower of cost or net realisable value. The management constantly reviews slow moving and obsolete items arising from changes in the product mix demanded by customers, reductions in overall volumes, supplier failures and strategic resourcing decisions. Obsolescence provisions are calculated based on current market values and future sales of inventories. If this review identifies significant levels of obsolete inventory, this obsolescence is charged to the income statement as an impairment. The total inventory provision included in the balance sheet at the reporting date was £1,040k (2023: £118k).

Share-based payments
Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Notes to the consolidated financial statements (continued)

4. Segmental information

The Group has adopted the requirements of IFRS8 'Operating segments'. The standard requires operating segments to be identified on the basis of internal financial information about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ('CODM') to allocate resources to the segments and to assess their performance. The CODM has been identified as the Board of Directors. The Board considers the business from a product/services perspective.

Based on an analysis of risks and returns, the Directors consider that the Group has only one identifiable operating segment: green energy. All property, plant and equipment is located in Germany.

Revenue from external customers

	2024	2023
	£' 000	£' 000
United Kingdom	**-**	(35)
Germany	**1,413**	759
Rest of Europe	**499**	1,398
Rest of the World	**-**	-
	1,912	2,122

The results as reviewed by the CODM for the only identified segment are as presented in the financial statements.

5. Loss for the year before tax

	2024	2023
	£' 000	£' 000
Loss on ordinary activities before taxation is stated		
after charging		
Depreciation and amortisation	**1,610**	1,472
Impairment of assets	**12,709**	-
Hire of other assets - operating leases exempt from IFRS 16	**164**	29
Pension contributions	**90**	104
after crediting		
Amortisation of grants from public bodies	**(240)**	(389)
Foreign exchange gains	**(3,680)**	(2,191)

Notes to the consolidated financial statements (continued)

6. Auditors' remuneration

	2024 £' 000	2023 £' 000
Audit services		
Fees payable to the Company's auditor for the audit of the parent company and consolidated financial statements	25	35
Fees payable to the Company's auditor and its associates for other services:	2	-
	27	35

7. Staff numbers and costs

The monthly average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2024	2023
Development and construction	72	69
Administration and sales	39	46
	111	115

The aggregate payroll costs of these persons were as follows:

	2024 £' 000	2023 £' 000
Wages and salaries	5,732	6,204
Social security costs	1,106	1,221
Other pension costs	90	104
	6,928	7,529

There are no staff, or direct wages specific to the Company. Share based payments charge to the non-executive and executive Directors of the Company is £38k (2023: £114k).

Share based payments
The Group has incurred an expense in respect of shares and share options during the year issued to employees as follows:

	2024 £' 000	2023 £' 000
Share options	(120)	(10)
Share awards	(2,189)	704
Shares	38	114
	(2,271)	808

At 31 December 2024 the Group operated a single share option scheme ("SOS"). The SOS allows the Company to grant options to acquire shares to eligible employees. Options granted under the SOS are unapproved by HM Revenue & Customs. The maximum number of shares over which options may be granted under the SOS may not be greater than

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Notes to the consolidated financial statements (continued)

15 per cent of the Company's issued share capital at the date of grant when added to options or awards granted in the previous 10 years. The exercise of options can take place at any time after the second anniversary of the date of grant. Options cannot, in any event, be exercised after the tenth anniversary of the date of grant.

All share-based employee remuneration will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle options. Share options and weighted average exercise price are as follows for the reporting periods presented:

	2024		2023	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
	000's	**£**	000's	£
Opening balance	**22,007**	**0.072**	23,007	0.070
Exercised	**-**	**-**	-	-
Forfeited	**(5,215)**	**(0.061)**	(1,000)	(0.020)
Closing balance	**16,792**	**0.075**	22,007	0.072

The fair values of options granted were determined using the Black-Scholes valuation model. Significant inputs into the calculation include a weighted average share price and exercise prices. Furthermore, the calculation takes into account future dividends of nil and volatility rates of between 50% and 98%, based on expected share price. Risk-free interest rate was determined between 0.640% and 5.125% for the various grants of options. It is assumed that options granted under the SOS have an average remaining life of 7 months *(2023: 16 months)*.

The underlying expected volatility was determined by reference to the historical data, of the Company. No special features inherent to the options granted were incorporated into the measurement of fair value.

Up to 14 February 2025 the date of delisting the Group also operated a Key Person Stock Award Scheme whereby key staff members could build up an entitlement to target amounts of shares over a period of three to ten years, with the vesting condition that the employees are still employed at the time the entitlement vests. After three years amounts of shares subject to predetermined thresholds can be drawn annually. The remaining full entitlement can be drawn after ten years.

The fair values of awards granted were determined using the Black-Scholes valuation model. Significant inputs into the calculation include a weighted average share price and exercise prices. The number of Ordinary 0.5p shares issued under the scheme in the year having vested was 250,000 (2023: 1,975,000). The total number of outstanding awards at reporting date is 1.9m Ordinary 0.5p shares (2023: 15.60m). The weighted average fair value of outstanding awards is £0.20 (2023: £0.31).

As of 15 February 2025, the Key Person Stock Award Scheme was discontinued.

Directors' remuneration

Details of Directors' remuneration are given in the Remuneration report.

The remuneration of key management of the Group was as follows:

	2024	2023
	£' 000	£' 000
Short-term employee benefit	**250**	279
Share-based payment charge	**80**	111
	330	390

The Group has no key management other than the Directors.

Notes to the consolidated financial statements (continued)

8. Tax

	2024 £' 000	2023 £' 000
Corporation tax	-	-

The tax on the Group's loss before tax differs from the theoretical amounts that would arise using the weighted average tax rate applicable to losses of the Companies as follows:

	2024 £' 000	2023 £' 000
Tax reconciliation		
(Loss) before tax	(27,580)	(14,528)
Expected tax (credit)/charge at 25% (2023: 23.52%)	(6,895)	(3,417)
Effects of different tax rates on foreign subsidiaries	-	(144)
Expenses not deductible for tax purposes	2,963	1,494
Tax losses carried forward	3,932	2,067
Tax charge	-	-

The main rate of corporation tax increased to 25% from 1 April 2023 under the Finance Bill 2021. Deferred tax has been provided at the rates expected to be in place when the timing differences reverse. A marginal rate of 23.52% was used for the period to 31 December 2023 when assessing the corporation tax charge as above.

9. Finance costs

	2024 £' 000	2023 £' 000
Interest	6,785	6,350
Exchange (gain) / loss on shareholder loans	(3,680)	(2,191)
	3,105	4,159

Notes to the consolidated financial statements (continued)

10. Intangible assets - Group

	Goodwill £'000	Copyrights, trademarks and other intellectual property rights £'000	Development costs £'000	Total £'000
Cost				
At 1 January 2023	2,126	444	-	2,570
Exchange differences	-	(9)	-	(9)
Additions	-	29	-	29
At 31 December 2023	**2,126**	**464**	**-**	**2,590**
At 1 January 2024	2,126	464	-	2,590
Exchange differences	-	(22)	-	(22)
Additions	-	7	-	7
Disposals	-	(208)	-	(208)
At 31 December 2024	**2,126**	**241**	**-**	**2,367**
Accumulated Amortisation				
At 1 January 2023	2,126	295	-	2,421
Exchange differences	-	(6)	-	(6)
Charged in year	-	80	-	80
At 31 December 2023	**2,126**	**369**	**-**	**2,495**
At 1 January 2024	2,126	369	-	2,495
Exchange differences	-	(19)	-	(19)
Charged in year	-	41	-	41
Impairment	-	45	-	45
Eliminated on disposal	-	(195)	-	(195)
At 31 December 2024	**2,126**	**241**	**-**	**2,367**
Net book value				
At 31 December 2024	**-**	**-**	**-**	**-**
At 31 December 2023	-	95	-	95
At 1 January 2023	-	149	-	149

Self-developed intangible assets in the amount of £7k (2023: £29k) are recognised in the reporting year, because the prerequisites of IAS 38 have been fulfilled.

Amortisation and impairment charges are recognised within administrative expenses.

There are no individually significant intangible assets.

The company does not hold any intangible assets.

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11. Property, plant and equipment – Group

	Leasehold Property Improvements	Technical equipment & machinery	Office and other equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2023	893	2,004	1,175	389	4,461
Exchange differences	(20)	(45)	(26)	(8)	(99)
Additions	6	105	343	1,528	1,982
Transfers	7	(4)	-	(3)	-
Disposals	-	-	(19)	(3)	(22)
At 31 December 2023	**886**	**2,060**	**1,473**	**1,903**	**6,322**
At 1 January 2024	886	2,060	1,473	1,903	6,322
Exchange differences	(41)	(95)	(68)	(88)	(292)
Additions	-	235	38	661	934
Transfers	-	-	-	-	-
Disposals	(170)	(53)	(138)	(2,476)	(2,837)
At 31 December 2024	**675**	**2,147**	**1,305**	**-**	**4,127**
Accumulated depreciation					
At 1 January 2023	563	1,176	685	-	2,424
Exchange differences	(12)	(26)	(15)	-	(53)
Charged in year	32	240	204	-	476
Disposals	-	-	(8)	-	(8)
At 31 December 2023	**583**	**1,390**	**866**	**-**	**2,839**
At 1 January 2024	583	1,390	866	-	2,839
Exchange differences	(24)	(75)	(47)	-	(146)
Charged in year	18	231	170	-	419
Disposals	(5)	(53)	(99)	-	(157)
Impairment	3	220	125	-	348
At 31 December 2024	**575**	**1,713**	**1,015**	**-**	**3,303**
Net book value					
At 31 December 2024	**100**	**434**	**290**	**-**	**824**
At 31 December 2023	303	670	607	1,903	2,037
At 1 January 2023	330	828	490	389	2,037

The company does not hold any property, plant and equipment.

Notes to the consolidated financial statements (continued)

12. Right-of-use assets - Group

	Land and Buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2023	1,013	131	1,144
Additions	14,110	14	14,124
At 31 December 2023	**15,123**	**145**	**15,268**
At 1 January 2024	15,123	145	15,268
Additions	-	32	32
At 31 December 2024	**15,123**	**177**	**15,300**
Accumulated depreciation			
At 1 January 2023	670	22	692
Charged in year	868	48	916
At 31 December 2023	**1,538**	**70**	**1,608**
At 1 January 2024	1,538	70	1,608
Charged in year	1,100	50	1,150
Impairment	12,315	-	12,315
At 31 December 2024	**14,953**	**120**	**15,073**
Net book value			
At 31 December 2024	**170**	**57**	**227**
At 31 December 2023	13,585	75	13,660
At 1 January 2023	343	109	452

The company does not hold any right-of-use assets.

The land and buildings include leased premises at Fraunhofer Strasse 9, Fürstenfeldbruck, Germany. Post year end the lease was terminated and as such the asset was considered to be fully impaired at the reporting date as reflected above.

13. Fixed asset investments

Shares in associate undertaking – Group	2024 £'000	2023 £'000
Cost		
At beginning of year	18	18
Additions	-	-
At end of year	**18**	**18**
Impairment		
At beginning of year	18	18
Additions	-	-
At end of year	**18**	**18**
Net book value		
At end of year	-	-

Notes to the consolidated financial statements (continued)

13. Fixed asset investments (continued)

Company	2024 £'000	2023 £'000
Shares in group undertaking – Group		
Cost		
At beginning of year	121,329	108,987
Additions	11,489	12,342
At end of year	**132,818**	**121,329**
Impairment		
At beginning of year	121,329	108,987
Additions	11,489	12,342
At end of year	**132,818**	**121,329**
Net book value		
At end of year	-	-

On 31 October 2006 the Company acquired the entire share capital of Proton Motor Fuel Cell GmbH, a company incorporated in Germany. The cost of investment comprises shares issued to acquire the Company valued at the listing price of 80p per share, together with costs relating to the acquisition and subsequent capital contributions made to the subsidiary.

Following a review of the Company's assets the Board has concluded that there are sufficient grounds for its investment in the subsidiary undertakings to be subject to an impairment review under IAS 36. In arriving at the charge in the year of £11,489k (2023: £12,342k) the Board has determined the recoverable amount on a value in use basis using a discounted cash flow model.

14. Inventories

	Group 2024 £' 000	2023 £' 000	Company 2024 £' 000	2023 £' 000
Work in progress	**280**	418	-	-
Raw materials	**868**	2,342	-	-
	1,148	2,760	-	-

Raw materials includes £1,040k (2023: £118k) impairment provision for slow moving inventories and goods anticipated to be sold at a loss.

15. Trade and other receivables

	Group 2024 £' 000	2023 £' 000	Company 2024 £' 000	2023 £' 000
Trade receivables	**525**	537	-	-
Other receivables	**2,771**	2,508	**29**	30
Amounts due from Group companies	-	-	**207**	233
Prepayments and accrued income	**360**	190	**12**	33
	3,656	3,235	**248**	296

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values.

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Notes to the consolidated financial statements (continued)

15. Trade and other receivables (continued)

In addition some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	Group	
	2024	2023
	£' 000	£' 000
Not more than three months (all denominated in Euros)	**-**	-
	-	-

The Directors consider that trade and other receivables which are not past due or impaired show no risk of requiring impairment.

16. Cash and cash equivalents

	Group		Company	
	2024	2023	**2024**	2023
	£' 000	£' 000	**£' 000**	£' 000
Cask at bank and in hand	**1,497**	2,741	**5**	5
	1,497	2,741	**5**	5

17. Trade and other payables

	Group		Company	
	2024	2023	**2024**	2023
	£' 000	£' 000	**£' 000**	£' 000
Trade payables	**396**	601	**-**	-
Other payables	**2,003**	3,976	**18**	20
Amounts due to Group companies	**-**	-	**206**	837
Accruals and deferred income	**1,690**	1,148	**133**	184
	4,089	5,725	**357**	1,041

The Directors consider that the carrying amount of trade and other payables approximates to their fair values.

18. Lease debt

The company implemented IFRS 16 'Leases' as of 1 January 2021.

A summary of the lease debt maturity is shown below:

	Principal	Interest	Total 2024	2023
	£'000	**£'000**	**£'000**	**£'000**
Less than 1 year	1,649	(648)	**1,001**	828
Between 2 and 5 years	5,652	(2,173)	**3,479**	3,531
Over 5 years	11,601	(2,136)	**9,465**	10,390
	18,902	**(4,957)**	**13,945**	14,749

The carrying value of assets held under lease within right-of-use assets is £227k (2023: £13,660k). The balances relate to the Benzstrasse 7, Puchheim, and Fraunhofer Strasse 9, Fürstenfeldbruck Germany property leases and a number of vehicle leases held in Proton Motor Fuel Cell GmbH.

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Notes to the consolidated financial statements (continued)

19. Borrowings

	Group		Company	
	2024	2023	**2024**	2023
	£' 000	£' 000	**£' 000**	£' 000
Bank overdraft	**241**	261	**-**	-
Loans:				
Current	**129,455**	-	**129,455**	-
Non-current	**-**	116,947	**-**	116,947
	129,696	117,208	**129,455**	116,947

Included within borrowings as at year end are amounts of £39,358k (2023: £39,576k) due to SFN Cleantech Investment Limited which includes a principal loan of €29.7m (2023: €29.7m) and accrued interest thereon. The principal loan attracts interest of EURIBOR+3% per annum (2023: 3%).

Also included within borrowings as at year end are amounts of £2,480k (2023: £2,511k) due to SFN Cleantech Investment Limited which includes a principal loan of €2.3m (2023: €2.3m) and accrued interest thereon. The principal loan attracts interest of EURIBOR+2% per annum. Interest is to be rolled up and repaid at the termination of the loan agreement.

Further included within borrowings as at year end are amounts of £87,617k (2023: £74,860k) due to Mr Falih Nahab, a director of the Company. This balance includes principal loan advances of €83.6m (2023: €69.0m) and accrued interest thereon. The principal loan attracts interest of EURIBOR+3% per annum (2023: 3%).

The loans are all secured on the assets of the Group.

The redemption date of all loans is 31 December 2025. As such the loans are held as current borrowings. Post year end the repayment terms have all been extended to 31 December 2026.

The debt has been measured at amortised cost.

Notes to the consolidated financial statements (continued)

20. Deferred income tax - Group

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related benefit through future taxable profits is probable. The Group has not recognised deferred income tax assets of £38,199k (2023: £35,063k) in respect of losses amounting to £21,569k (2023: £21,569k) and €134,639k (2023: €117,410k).

21. Share capital

The share capital of Proton Motor Power Systems Limited consists of fully paid Ordinary shares with a par value of £0.005 (2023: £0.005) and Deferred Ordinary shares with a par value of £0.01 (2023: £0.01). All Ordinary shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Proton Motor Power Systems Limited. Deferred Ordinary shares have no rights other than the repayment of capital in the event of a winding up. None of the parent's shares are held by any company in the Group.

During 2024, 2,455,493 Ordinary shares of 0.5p each were issued each at a price of 3.25p per share in settlement of Directors' annual fees for the period ended 31 December 2024.

The number of shares in issue at the balance sheet date is 1,661,751,046 Ordinary shares of 0.5p each (2023: 1,591,082,645) and 327,963,452 (2023: 327,963,452) Deferred Ordinary shares of 1p each.

Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium, less registration and other regulatory fees and net of related tax benefits.

	2024				2023			
	Ordinary shares		**Deferred ordinary shares**		Ordinary shares		Deferred ordinary shares	
	No. '000	**£'000**	**No. '000**	**£'000**	No. '000	£'000	No. '000	£'000
Shares authorised, issued and fully paid								
At the beginning of the year	**1,591,082**	**7,955**	**327,963**	**3,280**	1,552,017	7,760	327,963	3,280
Share issue	**265**	**1**	**-**	**-**	760	3	-	-
Share issue – under share award/option schemes	**2,456**	**12**	**-**	**-**	1,975	10	-	-
Share issue – conversion on loan interest	**67,948**	**340**	**-**	**-**	36,330	182	-	-
	1,661,751	**8,308**	**327,963**	**3,280**	1,591,082	7,955	327,963	3,280

22. Commitments

Neither the Group nor the Company had any capital commitments at the end of the financial year, for which no provision has been made. In addition to the lease debt which is recorded on the Group's balance sheet as per Note 18, there are also various short term and low value leases which are accounted for as operating leases. Total future lease payments under non-cancellable operating leases are as follows:

	2024		2023	
	Land & Buildings	**Other**	Land & Buildings	Other
Group	**£' 000**	**£' 000**	£' 000	£' 000
Operating leases payable:				
Within one year	**-**	**172**	-	50
In the second to fifth years inclusive	**-**	**11**	-	2
After more than five years	**-**	**-**	-	-
	-	**183**	-	52

Notes to the consolidated financial statements (continued)

23. Related party transactions

During the year ended 31 December 2024 the Group and Company entered into the following related party transactions:

	Group Year ended 31 December		Company Year ended 31 December	
	2024	2023	**2024**	2023
	£' 000	£' 000	**£' 000**	£' 000
(Expenses) / Income				
SFN Cleantech Investment Limited effective loan interest	**(1,663)**	(1,833)	**(1,663)**	(1,833)
Falih Nahab effective loan interest	**(4,314)**	(3,832)	**(4,314)**	(3,832)
SFN Cleantech Investment Limited other loan interest	**(109)**	(122)	**(109)**	(122)

At 31 December 2024 the Group and Company had the following balances with related parties:

	Group Year ended 31 December		Company Year ended 31 December	
	2024	2023	**2024**	2023
	£' 000	£' 000	**£' 000**	£' 000
Amounts due (to)/from				
SFN Cleantech Investment Limited borrowings (see Note 20)	**(39,358)**	(39,576)	**(39,358)**	(39,576)
SFN Cleantech Investment Limited bank guarantee	**(910)**	(1,994)	**-**	-
SFN Cleantech Investment Limited loans to SPower GmbH	**(2,480)**	(2,511)	**-**	-
Falih Nahab borrowings (see Note 20)	**(87,617)**	(74,860)	**(87,617)**	(74,860)

During the year the Company made capital contributions to Proton Motor Fuel Cells GmbH of £11,489,000 (2023: £12,342,000) and to SPower GmbH of £nil (2023: £nil).

24. Risk management objectives and policies

The Group's activities expose it to a variety of financial risks:

- foreign exchange risk (note 25);
- credit risk (note 26); and
- liquidity risk (note 27).

The Group's overall risk management programme focuses on the unpredictability of cash flows from customers and seeks to minimise potential adverse effects on the Group's financial performance. The Board has established an overall treasury policy and has approved procedures and authority levels within which the treasury function must operate. The Directors conduct a treasury review at least monthly and the Board receives regular reports covering treasury activities. Treasury policy is to manage risks within an agreed framework whilst not taking speculative positions.

The Group's risk management is co-ordinated at Proton Motor Fuel Cell GmbH in close co-operation with the Board of Directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

Notes to the consolidated financial statements (continued)

25. Foreign currency sensitivity

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and Sterling.

The Group does not hedge either economic exposure or the translation exposure arising from the profits, assets and liabilities of Euro business.

Euro denominated financial assets and liabilities, translated into Sterling at the closing rate, are as follows:

	Year ended 31 December		**Year ended 31 December**	
	2024	**2024**	2023	2023
	€' 000	**£' 000**	€' 000	£' 000
Financial assets	**6,426**	**5,314**	7,952	6,895
Financial liabilities	**(161,392)**	**(133,459)**	(144,381)	(125,190)
At 31 December 2024	**(154,966)**	**(128,145)**	(136,429)	(118,295)

The following table illustrates the sensitivity of the net result for the year and equity with regard to the parent Company's financial assets and financial liabilities and the Sterling/Euro exchange rate. It assumes a +/- 5.61% change of the *Sterling/Euro exchange rate for the year ended 31 December 2024 (2023: 5.34%). This percentage has been determined* based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the parent Company's foreign currency financial instruments held at each balance sheet date.

If the Euro had strengthened against Sterling by 5.61% (2023: 5.34%) then this would have had the following impact:

	Year ended 31 December	
	2024	2023
	£' 000	£' 000
Net result for the year	**(7,189)**	(6,317)
Equity	**(7,189)**	(6,317)

If the Euro had weakened against Sterling by 5.61% (2023: 5.34%) then this would have had the following impact:

	Year ended 31 December	
	2024	2023
	£' 000	£' 000
Net result for the year	**7,189**	6,317
Equity	**7,189**	6,317

Exposures to foreign exchange rates vary during the year depending on the value of Euro denominated loans. Potential foreign exchange gains and losses are largely accounting entries given the difference in loan denomination and presentational currency and therefore do not result in cash gains and losses. Nonetheless, the analysis above is considered to be representative of Group's exposure to currency risk.

26. Credit risk analysis

Credit risk is managed on a Group basis. Credit risk arises from cash and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If customers are independently rated, these ratings are

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Notes to the consolidated financial statements (continued)

26. Credit risk analysis (continued)

used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. The Directors do not consider there to be any significant concentrations of credit risk.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	Group		Company	
	2024	2023	**2024**	2023
	£' 000	£' 000	**£' 000**	£' 000
Cash and cash equivalents	**1,497**	2,741	**5**	5
Trade and other receivables	**3,656**	3,235	**248**	64
Short-term exposure	**5,153**	5,976	**253**	69

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

27. Liquidity risk analysis

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. The Group maintains cash to meet its liquidity requirements.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

As at 31 December 2024, the Group's liabilities have contractual maturities which are summarised below:

	within 6 months	6 to 12 months	1 to 5 years
	£' 000	£' 000	£' 000
Trade payables	396	-	-
Other short term financial liabilities	3,693	-	-
Lease debt	-	1.001	12,944
Borrowings	-	129,937	-

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Notes to the consolidated financial statements (continued)

27. Liquidity risk analysis (Continued)

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

	within 6 months £' 000	6 to 12 months £' 000	1 to 5 years £' 000
Trade payables	601	-	-
Other short term financial liabilities	5,123	-	-
Lease debt	414	414	3,704
Borrowings	-	261	116,947

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date. Borrowings and embedded derivatives on convertible loans have been combined as they relate to the same instruments. Contractual maturities have been assumed based on the assumption that the lender does not convert the loans into equity before the repayment date.

28. Financial instruments

The assets of the Group and Company are categorised as follows:

	Group			Company		
As at 31 December 2024	**Loans and receivables £' 000**	**Non-financial assets / financial assets not in scope of IAS 39 £' 000**	**Total £' 000**	**Loans and receivables £' 000**	**Non-financial assets / financial assets not in scope of IAS 39 £' 000**	**Total £' 000**
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	-	824	824	-	-	-
Right-of-use assets	-	227	227	-	-	-
Fixed asset investments	-	-	-	-	-	-
Inventories	-	1,147	1,147	-	-	-
Trade and other receivables	3,656	-	3,656	248	-	248
Cash and cash equivalents	1,497	-	1,497	5	-	5
	5,153	**2,198**	**7,351**	**253**	-	**253**

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Notes to the consolidated financial statements (continued)

28. Financial instruments (continued)

As at 31 December 2023	Group Loans and receivables £' 000	Group Non-financial assets / financial assets not in scope of IAS 39 £' 000	Group Total £' 000	Company Loans and receivables £' 000	Company Non-financial assets / financial assets not in scope of IAS 39 £' 000	Company Total £' 000
Intangible assets	-	95	95	-	-	-
Property, plant and equipment	-	3,483	3,483	-	-	-
Right-of-use assets	-	13,660	13,660	-	-	-
Fixed asset investments	-	-	-	-	-	-
Inventories	-	2,760	2,760	-	-	-
Trade and other receivables	3,235	-	3,235	297	-	297
Cash and cash equivalents	2,741	-	2,741	5	-	5
	5,976	**19,998**	**25,974**	**302**	-	**302**

The liabilities of the Group and Company are categorised as follows:

As at 31 December 2024	**Group Financial Liabilities at amortised cost**	**Financial liabilities valued at fair value through the income statement**	**Liabilities not within the scope of IAS 39**	**Total**	**Company Financial Liabilities at amortised cost**	**Financial liabilities valued at fair value through the income statement**	**Liabilities not within the scope of IAS 39**	**Total**
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000
Trade and other payables	4,089	-	-	4,089	357	-	-	357
Lease debt	13,945	-	-	13,945	-	-	-	-
Borrowings	129,696	-	-	129,696	129,455	-	-	129,455
	147,730	-	-	**147,730**	**129,812**	-	-	**129,812**

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Notes to the consolidated financial statements (continued)

28. Financial instruments (continued)

As at 31 December 2023	Group Financial Liabilities at amortised cost £' 000	Financial Liabilities valued at fair value through the income statement £' 000	Liabilities not within the scope of IAS 39 £' 000	Total £' 000	Company Financial Liabilities at amortised cost £' 000	Financial Liabilities valued at fair value through the income statement £' 000	Liabilities not within the scope of IAS 39 £' 000	Total £' 000
Trade and other payables	5,725	-	-	5,725	1,042	-	-	1,042
Lease debt	14,749	-	-	14,749	-	-	-	-
Borrowings	117,208	-	-	117,208	116,947	-	-	116,947
	137,682	-	-	137,682	117,989	-	-	117,989

Fair values
Management believe that the fair value of trade and other payables and borrowings is approximately equal to book value.

IFRS 13 sets out a three-tier hierarchy for financial assets and liabilities valued at fair value. These are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

29. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, provide returns for shareholders and benefits to other stakeholders and to maintain a structure to optimise the cost of capital. The Group defines capital as debt and equity. In order to maintain or adjust the capital structure, the Group may consider: the issue or sale of shares or the sale of assets to reduce debt.

The Group routinely monitors its capital and liquidity requirements through leverage ratios consistent with industry-wide borrowing standards. There are no externally imposed capital requirements during the period covered by the financial statements.

	Group		**Company**	
	2024	2023	**2024**	2023
	£' 000	£' 000	**£' 000**	£' 000
Total liabilities	**147,730**	137,682	**129,812**	117,989
Less: cash and cash equivalents	**(1,497)**	(2,741)	**(5)**	(5)
Adjusted net debt	**146,233**	134,941	**129,807**	117,984

30. Ultimate controlling party

The Directors consider SFN Cleantech Investment Ltd to be the Ultimate Controlling Party at the date of approval of the financial statements. Dr. Faiz Nahab, Chief Executive, is connected to SFN Cleantech Investment Ltd.