CWR.L

15 April 2024

Ceres Power Holdings plc

Final results for the year ended 31 December 2023

Focus on accelerating the pace of development and commercialisation

Horsham, UK: Ceres Power Holdings plc ("Ceres", the "Company") (CWR.L), a leading developer of clean energy technology, announces its results for the year ended 31 December 2023.

Financial highlights

- Revenue of £22.3 million (2022: £19.8 million[1])
- Gross profit of £13.6 million (2022: £10.7 million[1]), maintaining sector-leading gross margin at 61% (2022: 54%[1])
- Research and development investment increased by 11% to £54.0 million (2022: £48.5 million[1]), consistent with strategy to drive innovation and commercial acceleration in electrolysers
- Strong cash and short-term investments position of £140.0 million (2022: £182.3 million) with reduced cash outflow of £42.4 million (2022: £67.3 million) through disciplined working capital and cash management

Strategic highlights

- Bosch's 'power units' based on Ceres' technology received European funding of ~€160 million to support series ramp up and mass production
- Doosan's 50MW stack factory in South Korea has completed factory acceptance testing and machine installation with commissioning on schedule for 2024
- Second generation stack design has passed critical design review, offering improvements in performance and cost to licence partners
- The electrolysis programme is progressing well. The megawatt-scale electrolyser demonstrator successfully completed testing in Germany and has arrived at partner Shell's R&D centre in Bangalore, India
- Graduation to the Main Market of the London Stock Exchange in June 2023

Current trading and outlook

- Signed significant new fuel cell and electrolysis license with Delta Electronics in January 2024, which includes staged revenues of £43 million to Ceres through technology transfer and licensing, of which approximately half is expected to be recognised as revenue in 2024. Initial production by Delta is expected to start by the end of 2026
- We have confidence at this early stage of the year to approximately double revenues in 2024 from existing partnerships, compared to 2023

Phil Caldwell, Chief Executive Officer of Ceres, said:

"After a challenging 2023, Ceres is already on track for a strong year in 2024, underpinned by a significant new licence deal with Delta, our first to include SOEC. This is further validation of our strategy to accelerate investment into SOEC our green hydrogen technology and adds to our series of world class partnerships as we continue to scale our business globally."

Ends

As indicated on 14 March 2024, the Company was informed by its auditors BDO that they required more time to complete this year's audit. The process is now complete and a number of prior period corrections were identified, the main ones relating to the historical timing and treatment of revenue recognition and foreign exchange impact for long term contracts, the dilapidation provision and capitalisation of relevant costs.

The total impact of all items is a decrease in net assets of £3.6 million in 2022, with the majority being explained by a reduction of revenue of £1.7 million in 2021 and £2.3 million in 2022. These decreases in revenue are offset by increases in revenue of £0.3 million in 2023 and £3.3 million increase in the opening order backlog for 2024. Please see note 1 of the Financial Statements for further detail.

Financial Summary	**2023** £'000	**2022 Restated**[1] £'000
Total revenue[1]**, comprising:**	**22,324**	**19,788**
Licence fees	**6,378**	**5,369**
Engineering services revenue	**10,220**	**9,039**
Provision of technology hardware	**5,726**	**5,380**
Gross profit	**13,554**	**10,709**
Gross margin %	**61%**	**54%**
Adjusted EBITDA loss[2]	**(50,297)**	**(45,686)**
Operating loss[1]	**(59,401)**	**(54,013)**
Net cash used in operating activities	**(33,899)**	**(50,832)**
Net cash and investments	**139,956**	**182,320**

1. The restatement to 2022 is described in Note 1
2. Adjusted EBITDA loss is an Alternative Performance Measure, as defined and reconciled to operating loss in the non-GAAP section at the end of this report.

Analyst presentation

Ceres Power Holdings plc will be hosting a live webcast for analysts and investors on 15 April 2024 at 09.30 GMT. To register your interest in participating, please go to: https://www.investormeetcompany.com/ceres-power-holdings-plc/register-investor.

For further information visit www.ceres.tech or contact:

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About Ceres

Ceres is a leading developer of clean energy technology: electrolysis for the creation of green hydrogen and fuel cells for power generation. Its asset-light, licensing model has seen it establish partnerships with some of the world's largest companies, such as Bosch, Doosan, Delta and Weichai. Ceres' solid oxide technology supports greater electrification of our energy systems and produces green hydrogen at high-efficiencies as a route to decarbonise emissions-intensive industries such as steelmaking, ammonia and future fuels. Ceres is listed on the London Stock Exchange ("LSE") (LSE: CWR) and is classified by the LSE Green Economy Mark, which recognises listed companies that derive more than 50% of their activity from the green economy. Read more on our website www.ceres.tech or follow us on LinkedIn.

Chief Executive's Statement

This past year was tough economically, and particularly for the clean energy and hydrogen industries. The Hydrogen Council's December update pointed to "headwinds that have caused a slower development of the global hydrogen industry than had previously been expected". Against the backdrop of increased energy prices and high inflation, many companies delayed investment decisions and share prices were significantly impacted. Ceres was not immune from this wider trend.

We have positioned ourselves to emerge stronger from the recent downturn in the industry. Amidst project delays, regulatory uncertainty and higher financing costs, Ceres has made careful decisions about where to deploy capital and resources, and where to invest for growth based upon where the biggest opportunities present themselves for the future of our business in an evolving global market. In 2021 we made the strategic decision to invest in solid oxide electrolyser cell ("SOEC") technology to access the market for green hydrogen and significantly increase the addressable market for our technology in addition to fuel cells. This has been the right decision for Ceres' long-term strategy, as evidenced by the recent signing of our first SOEC licence partner, and the challenge now is to accelerate our SOEC development while also delivering on our existing solid oxide fuel cell ("SOFC") business.

Progress with fuel cells and existing licensee partners

We have built our business with a focus on our fuel cell technology and on our existing licence partners. In 2023 together with our partner Doosan we completed the factory acceptance testing of all equipment for the highly automated factory at Saemangeum in South Korea. Commissioning is on track to complete in the second half of 2024, and we expect first production of SOFC systems and royalties to Ceres to follow in 2025.

Our partnership with Bosch remains strong and we have developed the next generation stack technology to support scale up of their facility in Bamberg, Germany. Major equipment is being installed in 2024 with support from significant European grant funding of approximately €160 million. However, timelines for products to market have not been supported by the geopolitical backdrop in Europe with sentiment moving away from reliance on gas and high energy prices impacting the economic case. We expect production will be slower to coincide with Bosch's product launch which is still undergoing development and validation of our second generation stack technology in the field in 2024.

Our relationship with Weichai remains strong and they are developing 75kW stationary power units based on the Ceres technology targeting the distributed power market. The planned three-way China joint venture ("JV") has not been concluded in 2023 despite the relationship between Bosch, Weichai and Ceres remaining positive. It is now our belief that the proposed JV is unlikely to be completed in its current form. However, we are evaluating other options with Weichai to address the Chinese market and we will provide an update on our progress at the appropriate time.

Green hydrogen strategy

Over our 20 years of operation, we have made several key strategic transitions as the market has evolved, going from a domestic heat and power product company to a licensing business for power systems and now with the addition of SOEC providing electrolyser technology for green hydrogen production.

License opportunities for SOFC have given us a great foundation, and the market for green hydrogen produced by electrolysis is a high growth market that is predicted to be significantly larger over time. New licensee partners are now likely to come from the markets for green hydrogen where we are seeing robust future demand for our technology. Therefore, we are accelerating the pace of development and commercialisation of SOEC, whilst ensuring we maintain our leading position in SOFC markets.

Reflecting strong interest in our technology for green hydrogen production, we were pleased to start the new year by signing our first licence partner for both green hydrogen and power generation with Delta Electronics in Taiwan, a global leader in power electronics supplying the information and communication technology industry and operating manufacturing sites globally. The agreement includes revenue of £43 million to Ceres through technology transfer, development licence fees and engineering services, of which approximately half is expected to be recognised as revenue in 2024. There is potential for additional revenue from the sale of Ceres development stacks to Delta and the agreement also includes future royalty payments to Ceres on future commercial production and sale to end customers by Delta. Technology introduction and factory construction will start from 2024 and the initial production by Delta is expected to start by the end of 2026.

We anticipate that licensing revenues from new partners will offset near-term delays in fuel cell royalties and we have confidence at this early stage of the year to approximately double revenues in 2024, compared to 2023, based on existing contracts. In addition to top line growth through near-term licence revenues, we are also managing our cash, directing more of our investment to growing our SOEC business alongside SOFC. Through the licensing model, these in turn translate into longer-term recurring revenues with royalties from electrolyser manufacturing representing additional upside to royalties from our SOFC business.

Market opportunity

We see China, Europe, South Korea and the wider Asian markets being among the largest markets for power generation - areas for which we have good coverage with our existing SOFC licensees and further complemented by the addition of Delta.

Across the global market, we believe that green hydrogen production from SOEC will play an essential role in industrial decarbonisation in order to meet net zero. Hard-to-abate industries such as green steel and ammonia will be the first to develop followed by synthetic fuels. Ceres' SOEC technology offers distinct advantages of efficiency when coupled with industrial processes where it can utilise waste heat, and so naturally couples with the exothermic Haber-Bosch process used globally to produce ammonia as well as the heat-intensive requirements for steel production.

Many of the top ammonia and steel regions – India, Australia, Europe, the Middle East and North America amongst them – have announced green hydrogen strategies, and several have gone further to publish derivative strategies for ammonia and steel. In fact, green steel is a product that in the coming years will go a significant way to delivering a low carbon Ceres stack. In a world where traceability is becoming ever more important, soon all products will be measured on their "carbon footprint" and we believe Ceres' technology, which is made from common steel and material sets, will have a significant competitive advantage over technologies which utilise hard to source rare earths and more expensive materials.

What is clear is that the future demand for electrolysis for green hydrogen exceeds supply, stimulating new entrants into the market who need access to the best technology and can scale manufacturing through global supply chains. This ideally positions Ceres for growth as the only company offering access to world-leading solid oxide technology under licence. Ceres has moved to place commercial representatives in the US, Asia, Europe and India over the past 18 months, and we will continue to build commercial strength and credibility and consider presence in other markets with the aim to sign new licence partners that will convert longer term into a significant share of the SOEC market for green hydrogen.

Foundation of research and innovation

Ceres has a culture that is founded on science, engineering and individuals who are highly talented and passionate about the Company's purpose – to deliver clean energy for a clean world. We would not be the business we are today without the foundation of research and innovation generated over many years by our industry-leading team.

Technology alone is not enough and our success depends on our ability to be responsive to the changing market and to mature from being a technology-led organisation to one laser focused on commercialisation through global partnerships with some of the world's leading manufacturing companies. Hence, we are building on the foundations of our SOFC business and the experience gained in maturing and scaling our technology, targeting new partners and moving at pace to capture the market.

Deep expertise in solid oxide technology has allowed us to prosecute an ambitious programme for hydrogen over the past 24 months, strengthening our conviction that SOEC offers distinct advantages of efficiency and cost, with potential to reduce capital and operational project costs to produce green hydrogen by 25%. Our first megawatt-scale electrolyser demonstrator has arrived at our partner Shell's R&D centre in Bangalore, India, where in collaboration with Shell, we will validate the performance, cost and operational functionality of the technology. Our technology team is now focused on developing the next SOEC product concept for a 4-5MW modularised system, which is supporting further commercial discussions and will facilitate the deployment of larger installations essential to meet the scale challenge for the decarbonisation of industry.

The year ahead

Green hydrogen will not be a silver bullet, but it does have an important role to play in the decarbonisation of industry, where it can deliver obvious and economic advantages. Advancements in electrolyser technology, manufacturing economies of scale, design improvements and further reduction in renewable power costs will all make electrolytic hydrogen more viable.

Despite current disruptions in Europe, we believe that natural gas will have a sustained role to play in the decarbonisation of the global energy system, as China and Asia more broadly transition away from dependence on coal. We have strong power partners through Doosan, Weichai and now Delta in the region and when it comes to manufacturing at scale, the Asian economies excel.

We've made a strong start to 2024 with revenues for the year expected to be approximately double that of 2023. We are well positioned for growth with new partnerships as a result of our investment into SOEC for electrolysis. Our SOFC partners are continuing to scale manufacturing and build global supply chains which can service both our SOFC and SOEC markets.

At Ceres we continue to focus on the levers within our control: careful capital allocation, investment in valuable skills and building strong and sustainable partnerships that have ambition to play a meaningful role in our future energy system. I look forward to providing further updates on our progress over the course of the year and as ever, we thank you for your support.

Phil Caldwell
Chief Executive Officer

Financial Review

Revenue

The Group reported revenue of £22.3 million in 2023, compared with £19.8 million[1] in the prior year. Most of the revenue was from existing partners Bosch and Doosan through ongoing development activities as we support them with factory build and prepare for commercial launch. Revenue is a combination of development licence revenue, engineering services and the provision of technology hardware. £21.5 million of the revenue in 2023 relates to SOFC (2022: £19.6 million[1]). Our SOEC business segment recognised revenue in the year of £0.8 million (2022: £0.2 million), the majority of which is licence revenue from signing a collaboration with Bosch and Linde announced in March 2023 to validate our electrolysis technology. Revenue from the Shell test evaluation partnership will commence once the demonstrator is commissioned at Shell's facility in Bangalore, India in 2024.

Gross margin

Gross profit of £13.6 million in the year (2022: £10.7 million[1]) increased when compared to the prior year due to the impact of high margin licence reallocations from the restatements impacting 2022. There was a similar level of revenue and revenue mix in terms of the proportion of engineering services and hardware. Consequently, gross margins of 61% also improved compared to prior year (2022: 54%[1]). These margins remain much higher than industry norms due to the licensing nature of Ceres' business model.

Other operating income

Other operating income increased significantly in the year to £3.7 million (2022: £1.3 million), which reflects the level of R&D Expenditure Credits ("RDEC") claimed in the year compared to the prior year. As of 2023 all Ceres' R&D tax relief is in the form of RDEC as Ceres no longer qualifies for SME R&D tax credit schemes. In 2022, SME R&D tax credit was recognised within the taxation credit.

Operating costs

Operating costs increased to £76.6 million (2022: £66.1 million[1]) as Ceres increased investment in core technology to drive future growth, including the second generation of stack and a significant investment in the megawatt-scale electrolyser. The largest category of spend is R&D, which increased to £54.0 million (2022: £48.5 million[1]). The average number of persons employed by the Group in the year increased to 590 (2022: 536). Now that we have critical mass of engineers, scientists, electrochemists and other technical employees, we don't anticipate headcount increases in 2024.

Finance income and expense

Finance income increased significantly to £7.1 million (2022: £2.8 million), which reflects improved interest rates on our bank deposits and short-term investments in money market funds in a higher interest rate environment. We maintain a stringent treasury policy to balance appropriate market returns with the security of funds including only high investment grade, and diversification of, financial institutions. Finance expense increased to £1.3 million (2022: £0.3 million) mostly due to a foreign exchange losses of £0.8 million on currencies held in non-sterling denominations (2022: gain of £0.2 million).

Taxation (charge)/credit

Taxation charge in 2023 of £0.4 million reflects payment of withholding taxes from overseas earnings. This compares to a taxation credit of £3.9 million in 2022, which represents SME R&D tax credits, as described in the other operating income section above.

Loss for the financial year

The Group posted a loss of £54.0 million (2022: £47.6 million[1]) for the year, which reflects the increase in operating costs and no taxation credit in 2023, partly offset by higher other operating income and interest income compared to 2022.

Adjusted EBITDA

Adjusted EBITDA loss for 2023 increased to £50.3 million (2022: £45.7 million[1]). Adjusted EBITDA is a non-statutory measure and is detailed in the Alternative Performance Measures section in this review. The increased loss is primarily due to the increased operating costs explained above.

Reconciliation between operating loss and adjusted EBITDA

Management believes that presenting Adjusted EBITDA loss allows for a more direct comparison of the Group's performance against its peers and provides a better understanding of the underlying trading performance of the Group by excluding non-recurring, irregular and one-off costs. The Group currently defines Adjusted EBITDA loss as the operating loss for the year excluding depreciation and amortisation charges, share-based payment charges, unrealised losses on forward contracts and exchange gains/losses.

Total capital investments

Total capital investments comprises capital expenditure (property, plant and equipment) and capitalised development (intangible assets). In 2023, total capital investments declined to £14.7 million (2022: £18.2 million) due to a combination of reducing investment requirements for our Manufacturing Innovation Centre in Redhill, a deferral of some test capacity expansion from 2023 to 2024, and a prioritisation of spend as we emphasised cash discipline during the year.

Working capital movements

During 2023 working capital decreased by £10.0 million (2022: increase of £3.0m[1,2]), which had a favourable impact to reduce the cash outflow in 2023. The two largest components of this was the reduction of Trade and other receivables by £7.3 million, including significant invoice payments from partners in January 2023, and a £2.9 million reduction in inventories during the year that partly reflects the consumption of first generation stacks, and an increased focus matching our pilot plant production levels to partner demand. The net movement of contract assets and contract liabilities was a decrease in net liabilities of £1.1 million.

Cash outflow

Cash outflow (change in cash, cash equivalents and short-term investments) was £42.4 million (2022: £67.3 million). This improvement, despite the increase in the Adjusted EBITDA loss, has driven by the reduction in working capital, reduced capital investments and, to a lesser extent, increased finance income.

Cash, cash equivalents and short-term investments

The Group ends the financial year in a strong position with £140.0 million in cash, cash equivalents and short-term investments (2022: £182.3 million) to support future investment as we drive revenue growth, manage costs and expenditure in a disciplined way, and track towards profit and cashflow break-even.

Outlook

We end 2023 with a strong financial position and continue to invest across the business to build a sustainable competitive advantage in highly differentiated solid oxide technology. As we move into 2024, we expect revenues to approximately double compared to 2023, based on current contracts with existing partners and licensees including Bosch, Doosan, Weichai, Delta, Shell, Linde and others. Signing additional licence contracts in the year represents potential upside to this outlook, and although the timing of these incremental opportunities is uncertain, we are well-placed for future growth from both existing and new partnership prospects.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Note	**31 December 2023 £'000**	31 December 2022 Restated[1] £'000
Revenue[1]	2	**22,324**	19,788
Cost of sales		**(8,770)**	(9,079)
Gross profit		**13,554**	10,709
Other operating income[2]		**3,665**	1,332
Operating costs[1]	4	**(76,620)**	(66,054)
Operating loss		**(59,401)**	(54,013)
Finance income	5	**7,079**	2,830
Finance expense	5	**(1,287)**	(304)
Loss before taxation		**(53,609)**	(51,487)
Taxation (charge)/credit	6	**(399)**	3,872
Loss for the financial period and total comprehensive loss		**(54,008)**	(47,615)

Loss per £0.10 ordinary share expressed in pence per share:			
Basic and diluted loss per share	7	**(28.03)p**	(24.88)p

The accompanying notes are an integral part of these consolidated financial statements.

[1] The restatement to 2022 is described in Note 1.

[2] Other operating income relates to grant income and the Group's RDEC tax credit.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	31 December 2023 £'000	31 December 2022 Restated[1] £'000	31 December 2021 Restated[1] £'000
Assets				
Non-current assets				
Property, plant and equipment	8	**25,882**	26,387	18,613
Right-of-use assets	9	**2,141**	2,647	2,438
Intangible assets	10	**19,054**	13,278	8,478
Long-term investments		**–**	–	5,000
Investment in associate		**2,350**	2,460	500
Other receivables	12	**741**	741	741
Total non-current assets		**50,168**	45,513	35,770
Current assets				
Inventories	11	**2,825**	5,714	3,145
Contract assets[1]	2	**1,575**	400	5,343
Other current assets	13	**1,193**	957	1,133
Derivative financial instruments	17	**8**	54	1,073
Current tax receivable		**771**	7,396	1,615
Trade and other receivables	12	**9,876**	17,153	5,813
Short-term investments[1]	14	**90,249**	110,536	93,129
Cash and cash equivalents[1]	14	**49,707**	71,784	151,455
Total current assets		**156,204**	213,994	262,706
Liabilities				
Current liabilities				
Trade and other payables	15	**(4,983)**	(4,933)	(2,783)
Contract liabilities[1]	2	**(7,469)**	(7,363)	(3,917)
Other current liabilities[1]	16	**(6,301)**	(6,275)	(5,047)
Derivative financial instruments	17	**(99)**	–	–
Lease liabilities	18	**(694)**	(610)	(754)
Provisions	19	**(647)**	(929)	(1,579)
Total current liabilities		**(20,193)**	(20,110)	(14,080)
Net current assets		**136,011**	193,884	248,626
Non-current liabilities				
Lease liabilities	18	**(1,902)**	(2,514)	(2,285)
Other non-current liabilities[1]	16	**(1,360)**	(1,011)	(771)
Provisions	19	**(2,282)**	(2,105)	(1,828)
Total non-current liabilities		**(5,544)**	(5,630)	(4,884)
Net assets		**180,635**	233,767	279,512
Equity attributable to the owners of the parent				

Share capital	20	**19,297**	19,209	19,073
Share premium		**406,184**	405,463	404,726
Capital redemption reserve		**3,449**	3,449	3,449
Merger reserve		**7,463**	7,463	7,463
Accumulated losses[1]		**(255,758)**	(201,817)	(155,199)
Total equity		**180,635**	233,767	279,512

The accompanying notes are an integral part of these consolidated financial statements.

[1] The restatements to 2022 and 2021 are described in Note 1.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2023

	Note	31 December 2023 £'000	31 December 2022 Restated[1] £'000
Cash flows from operating activities			
Loss before taxation[1]		**(53,609)**	(51,487)
Adjustments for:			
Finance income		**(7,079)**	(2,830)
Finance expense		**1,287**	304
Depreciation of property, plant and equipment[1]		**7,461**	5,592
Depreciation of right-of-use assets		**641**	620
Amortisation of intangible assets		**1,024**	1,032
Net foreign exchange gains[1]		**(232)**	(690)
Net change in fair value of financial instruments		**143**	1,020
Share-based payments charge		**67**	997
Operating cash flows before movements in working capital		**(50,297)**	(45,442)
Decrease/(increase) in trade and other receivables[1,2]		**6,356**	(11,165)
Decrease/(increase) in inventories		**2,889**	(2,569)
Increase in trade and other payables[2]		**1,847**	3,345
(Increase)/decrease in contract assets[1]		**(1,175)**	4,943
Increase in contract liabilities[1]		**106**	2,487
Decrease in provisions[1]		**(536)**	(522)
Net cash used in operations		**(40,810)**	(48,923)
Taxation received/(paid)[2]		**6,911**	(1,909)
Net cash used in operating activities		**(33,899)**	(50,832)
Investing activities			
Investment in associate		–	(1,000)
Proceeds received on disposal of property, plant and equipment		**225**	–
Purchase of property, plant and equipment[1]		**(7,922)**	(12,347)
Capitalised development expenditure		**(6,800)**	(5,832)
Repayment of long-term investments		–	5,000
Decrease/(increase) in short-term investments[1]		**21,168**	(16,193)
Finance income received		**5,616**	1,443
Net cash used in investing activities		**12,287**	(28,929)
Financing activities			
Proceeds from issuance of ordinary shares		**809**	873
Repayment of lease liabilities		**(658)**	(744)
Interest paid		**(393)**	(212)

	Note	2023	2022
Net cash generated from/(used by) financing activities		**(242)**	(83)
Net decrease in cash and cash equivalents		**(21,854)**	(79,844)
Exchange (losses)/gains on cash and cash equivalents[2]		**(223)**	173
Cash and cash equivalents at beginning of period		**71,784**	151,455
Cash and cash equivalents at end of period[1]	14	**49,707**	71,784

The accompanying notes are an integral part of these consolidated financial statements.

[1] The restatement to 2022 is described in Note 1.

[2] 2022 taxation paid has been restated to increase the taxation paid from £380,000 by £1,529,000 to correct the amount disclosed as tax paid, the corresponding adjustment is to reduce the increase in trade and other receivables and other current assets. The exchange gains on cash and cash equivalents in 2022 has been corrected by reducing the previously reported amounts by £690,000 with the corresponding adjustment being made to increase the movement in trade and other payables, and hence net cash used in operating activities has increased by the same amount.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total £'000
At 1 January 2022 – Previously stated	19,073	404,726	3,449	7,463	(154,056)	280,655
Restatement[1]	–	–	–	–	(1,143)	(1,143)
At 1 January 2022 - Restated	19,073	404,726	3,449	7,463	(155,199)	279,512
Comprehensive income						
Loss for the financial year – Restated[1]	–	–	–	–	(47,615)	(47,615)
Total comprehensive loss – Restated[1]	–	–	–	–	(47,615)	(47,615)
Transactions with owners						
Issue of shares, net of costs	136	737	–	–	–	873
Share-based payments charge	–	–	–	–	997	997
Total transactions with owners	136	737	–	–	997	1,870
At 31 December 2022 – Restated[1]	19,209	405,463	3,449	7,463	(201,817)	233,767
Comprehensive income						
Loss for the financial period	–	–	–	–	**(54,008)**	**(54,008)**
Total comprehensive loss	–	–	–	–	**(54,008)**	**(54,008)**
Transactions with owners						
Issue of shares	**88**	**721**	–	–	–	**809**
Share-based payments charge	–	–	–	–	**67**	**67**
Total transactions with owners	**88**	**721**	–	–	**67**	**876**
At 31 December 2023	**19,297**	**406,184**	**3,449**	**7,463**	**(255,758)**	**180,635**

The accompanying notes are an integral part of these consolidated financial statements.

[1] The restatement to 2021 and 2022 is described in Note 1.

1. Basis of preparation

The financial information presented in this final results announcement has been prepared in accordance with the recognition and measurement requirements of UK adopted international accounting standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The principal accounting policies adopted in the preparation of the financial information in this announcement are unchanged from those used in the company's statutory financial statements for the year ended 31 December 2023. Whilst the financial information included in this announcement has been computed in accordance with the recognition and measurement requirements of IFRS, this announcement does not itself contain sufficient disclosures to comply with IFRS.

The financial information contained in this final results statement does not constitute statutory financial statements as defined by in Section 434 of the Companies Act 2006. The financial information has been extracted from the financial statements for the year ended 31 December 2023 which have been approved by the Board of Directors, and the comparative figures for the year ended 31 December 2022 are based on the financial statements for that year.

The financial statements for 2022 have been delivered to the Registrar of Companies and the 2023 financial statements will be delivered after the Annual General Meeting on 16 May 2024. The Auditor has reported on both sets of accounts without qualification, did not draw attention to any matters by way of emphasis without qualifying their report, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006. The Directors confirm that, to the best of their knowledge, this condensed set of consolidated financial statements has been prepared in accordance with the LSE Rules.

Going Concern

The Group has reported a loss after tax the year ended 31 December 2023 of £54.0m (31 December 2022 of £47.6m[1]) and net cash used in operating activities of £33.9m (31 December 2022: £50.8m). At 31 December 2023, the Group held cash and cash equivalents and investments of £140.0m (31 December 2022: £182.3m). The directors have prepared annual budgets and cash flow projections that extend 12 months from the date of approval of this report. The decreased operating cash used in the year is a result of favourable movements in working capital, including significant debtor receipts at the beginning of the year and a reduction in inventory held. Future projections include management's expectations of the further investment in R&D projects, new product development and capital investment as the Group sustains its competitive advantage in licensing fuel cell and electrolysis technologies. Future cash inflows reflects management's expectations of revenue from existing and new licensee partners in both the power and green hydrogen markets.

The projections were stress tested by applying different scenarios in line with the Group's viability scenarios including a slower intake of future licensee partners leading to a loss of significant future revenue and a resulting cost mitigation. The China joint venture with Weichai and Bosch has now been removed from future projections. In each case the projections demonstrated that the Group is expected to have sufficient cash reserves to meet its liabilities as they fall due and to continue as a going concern. For the above reasons, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

In preparing the consolidated financial statements, the areas where judgement has been exercised remain consistent with those applied to the annual report and accounts for the year ended 31 December 2022.

Prior period adjustments

The directors have identified a number of prior period adjustments in the period:

Revenue

Revenue in 2021 and 2022 has been restated to correct the historical timing and foreign exchange impact of revenue recognition for legacy licences, and to appropriately offset contract balances relating to the same identified contracts. At 31 December 2021, the result of these adjustments on the consolidated statement of financial position was to reduce contract assets by £2.0m and reduce contract liabilities by £0.4m with a corresponding reduction in net assets of £1.6m. At 31 December 2022, the result of these adjustments on the consolidated statement of financial position was to reduce contract assets by £2.9m, increase contract liabilities by £1.0m and reduce net assets and increase in accumulated losses by £3.9m. In respect of the consolidated statement of profit and loss and other comprehensive income with a corresponding reduction in net assets and increase in accumulated losses of £3.9m, the adjustments reduced revenue by £2.3m, reduced operating costs by £0.1m and increased the loss before tax by £2.3m. There was no overall impact on cash flows from operating activities or recognised tax as a result of these adjustments.

Property, plant and equipment and non-current provisions

The movements in dilapidation provisions relating to items capitalised within property, plant and equipment, were not previously capitalised but were incorrectly expensed to the income statement. Furthermore, the 2022 dilapidation provision did not correctly reflect property, plant and equipment additions in the prior period. At 31 December 2021, the result of the adjustments on the consolidated statement of financial position was to increase property, plant and equipment by £0.5m with a corresponding increase in net assets and reduction in accumulated losses. At 31 December 2022, the result of these adjustments on the consolidated statement of financial position was to increase property plant and equipment by £0.5m, increase non-current provisions by £0.2m with a corresponding increase in net assets and reduction in accumulated losses of £0.3m. In respect of the consolidated statement of profit and loss and other comprehensive income, the adjustments increased operating costs and losses by £0.2m. There was no overall impact on the net cash used in operating activities or other cash flows, or recognised tax as a result of these adjustments.

Cash and cash equivalents and short-term investments
2022 short term investments incorrectly included cash balances with a value of £8.5m. At 31 December 2022 the result of the adjustments on the consolidated statement of financial position was to increase cash and cash equivalents by this amount with a corresponding reduction to short-term investments. There was no impact on net assets or recognised tax as a result of this adjustment. In respect of the consolidated statement of cash flows, the adjustment reduced the net cash used in investing activities and the net decrease in cash and cash equivalents by the same amount.

Other current and non-current liabilities
Other current liabilities in 2021 and 2022 incorrectly included deferred income to be realised in more than one year. At 31 December 2022, the result of the adjustments on the consolidated statement of financial position was to increase other non-current liabilities by £1.0m with a corresponding reduction in other current liabilities. At 31 December 2021, the result of the adjustments on the consolidated statement of financial position was to increase other non-current liabilities by £0.8m with a corresponding reduction in other current liabilities. There was no impact on net assets, recognised tax or the consolidated statement of cash flows as a result of these adjustments.

Further prior period adjustments were required to the disclosure of cash flows in the consolidated cash flow statement and the classification of assets under construction in note 8. These adjustments have been detailed in the respective statement or note.

New standards and amendments applicable for the reporting period
The Group has adopted all standards, interpretations amended or newly issued by the IASB that were effective in the period. Their adoption has not had any material effect on the consolidated financial statements.

2. Revenue

The Group's revenue is disaggregated by geographical market, major product/service lines, and timing of revenue recognition:

Geographical market

	31 December 2023 **£'000**	31 December 2022 Restated[1] £'000
Europe[2]	**12,394**	7,980
Asia[2]	**9,589**	11,391
North America	**341**	394
Rest of World	**–**	23
	22,324	19,788

For the year ended 31 December 2023, the Group has identified two major customers (defined as customers that individually contributed more than 10% of the Group's total revenue) that accounted for approximately 51% (SOFC and SOEC) and 39% (all SOFC) of the Group's total revenue recognised in the period (31 December 2022: two major customers that accounted for approximately 48% and 38% of the Group's total revenue recognised for that year).

Major product/service lines

	31 December 2023 **£'000**	31 December 2022 Restated[1] £'000

Engineering services	**10,220**	9,039
Provision of technology hardware	**5,726**	5,380
Licence fees[2]	**6,378**	5,369
	22,324	19,788

Timing of transfer of goods and services

	31 December 2023 £'000	31 December 2022 Restated[1] £'000
Products and services transferred at a point in time	**6,544**	4,760
Products and services transferred over time	**15,780**	15,028
	22,324	19,788

The contract-related assets and liabilities are as follows:

		31 December 2023 £'000	31 December 2022 Restated[1] £'000	31 December 2021 Restated[1] £'000
Trade receivables	12	**3,422**	11,825	2,612
Contract assets – accrued income		**1,575**	400	5,343
Total contract related assets		**4,997**	12,225	7,955
Contract liabilities – deferred income		**(7,469)**	(7,363)	(3,917)

[1] The restatement to 2022 is described in Note 1.
[2] The adjustments as described in Note 1 have impacted 2022 licences revenue in both Europe and Asia.

3. Segmental analysis

In accordance with IFRS 8 the method applied to identify reporting segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker, which the Group considers to be the Executive team. The Group's internal segmental reporting has changed and now only separately presents results down to gross profit level from its Power (SOFC) and Hydrogen (SOEC) divisions where previously presented to adjusted EBITDA.

31 December 2023	**Power - SOFC £'000**	**Hydrogen - SOEC £'000**	**Consolidated £'000**
Revenue (external)	**21,567**	**757**	**22,324**
Cost of sales	**(8,346)**	**(424)**	**(8,770)**
Gross profit	**13,221**	**333**	**13,554**

31 December 2022 – Restated[1]	Power - SOFC £'000	Hydrogen - SOEC £'000	Consolidated £'000
Revenue (external)	19,608	180	19,788
Cost of sales	(9,070)	(9)	(9,079)
Gross profit	10,538	171	10,709

[1] The restatement to 2022 is described in Note 1.

4. Operating costs

Operating costs can be analysed as follows:

	31 December 2023 **£'000**	31 December 2022 Restated[1] £'000
Research and development costs	**54,034**	48,546
Administrative expenses	**17,681**	15,116
Commercial	**4,905**	2,392
	76,620	66,054

[1] The restatement to 2022 is described in Note 1.

5. Finance income and expenses

	31 December 2023 **£'000**	31 December 2022 £'000
Interest income on cash, cash equivalents and investments	**7,079**	2,657
Foreign exchange gain on cash, cash equivalents and short-term deposits	**–**	173
Finance income	**7,079**	2,830
Interest paid	**(99)**	–
Interest on lease liability	**(248)**	(212)
Unwinding of discount on provisions	**(89)**	(87)
Other finance costs	**(46)**	(5)
Foreign exchange loss on cash, cash equivalents and short-term deposits	**(805)**	–
Interest expense	**(1,287)**	(304)

6. Taxation

No corporation tax liability has arisen during the period (31 December 2022: £nil) due to the losses incurred. A tax charge has arisen as a result of foreign withholding taxes suffered and an overprovisions of R&D tax credit for 2022 under the SME R&D regime. The SME R&D tax credit regime is no longer accessible to the Group. The RDEC regime continues to be accessible and has been recognised within other operating income.

	31 December 2023 **£'000**	31 December 2022 £'000
UK corporation tax	**–**	(4,470)
Foreign tax suffered	**334**	828
Adjustment in respect of prior periods	**65**	(230)
	399	(3,872)

7. Loss per share

	31 December 2023 **£'000**	31 December 2022 Restated[1] £'000
Loss for the financial period attributable to shareholders	**(54,008)**	(47,615)
Weighted average number of shares in issue	**192,651,782**	191,385,618
Loss per £0.10 ordinary share (basic and diluted)	**(28.03)p**	(24.88)p

[1] The restatement to 2022 is described in Note 1.

8. Property, plant and equipment

	Leasehold improvements £'000	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Assets under construction £'000	Total £'000
Cost						
At 1 January 2022 – Previously stated	7,412	25,514	2,563	348	1,975	37,812
Brought forward restatement[1]	151	518	–	–	–	669
At 1 January 2022 - Restated	7,563	26,020	2,563	348	1,975	38,481
Additions	1,121	5,194	203	–	6,848	13,366
Transfers	71	1,672	–	–	(1,743)	–
Disposal	(1,621)	(6,669)	(831)	(72)	–	(9,193)
At 31 December 2022	7,134	26,229	1,935	276	7,080	42,654
Additions	**1,318**	**3,647**	**164**	**115**	**1,937**	**7,181**
Transfers	**511**	**2,009**	–	–	**(2,520)**	–
Disposals	**(150)**	**(568)**	**(57)**	–	**(68)**	**(843)**
At 31 December 2023	**8,813**	**31,317**	**2,042**	**391**	**6,429**	**48,992**
Accumulated depreciation						
At 1 January 2022 – Previously stated	3,358	14,291	1,790	232	–	19,671
Brought forward restatement[1]	37	160	–	–	–	197
At 1 January 2022 – Restated	3,395	14,451	1,790	232	–	19,868
Charge for the year	956	4,119	444	73	–	5,592
Depreciation on disposals	(1,621)	(6,669)	(831)	(72)	–	(9,193)
At 31 December 2022	2,730	11,901	1,403	233	–	16,267
Charge for the year	**1,264**	**5,783**	**379**	**35**	–	**7,461**
Depreciation on disposals	**(150)**	**(411)**	**(57)**	–	–	**(618)**
At 31 December 2023	**3,844**	**17,273**	**1,725**	**268**	–	**23,110**
Net book value						
At 31 December 2023	**4,969**	**14,044**	**317**	**123**	**6,429**	**25,882**
At 31 December 2022 – Restated	4,404	14,328	532	43	7,080	26,387
At 31 December 2021 – Restated	4,168	11,581	773	116	1,975	18,613

[1] The adjustment in respect of 2022 and 2021 is described in Note 1.

[2] The transfer from assets under construction to plant and machinery in the 2022 property, plant and equipment note was understated by £779,000. The note has been re-presented to reflect this correction.

'Assets under construction' represents the cost of purchasing, constructing and installing property, plant and equipment ahead of their productive use. The category is temporary, pending completion of the assets and their transfer to the appropriate and permanent category of property, plant and equipment. As such, no depreciation is charged on assets under construction.

Assets under construction consist entirely of plant and machinery that will be used in the manufacturing, development and testing of fuel cells.

9. Right of use assets

	Land and Buildings £'000	Computer equipment £'000	Total £'000

Cost			
At 1 January 2022	3,694	43	3,737
Adjustment to lease term	829	–	829
At 31 December 2022	4,523	43	4,566
Additions	**168**	–	**168**
Adjustment to lease term	**(33)**	–	**(33)**
At 31 December 2023	**4,658**	**43**	**4,701**
Accumulated depreciation			
At 1 January 2022	1,289	10	1,299
Charge for the year	606	14	620
At 31 December 2022	1,895	24	1,919
Charge for the year	**627**	**14**	**641**
At 31 December 2023	**2,522**	**38**	**2,560**
Net book value			
At 31 December 2023	**2,136**	**5**	**2,141**
At 31 December 2022	2,628	19	2,647

The lease liabilities are detailed in Note 18.

10. Intangible assets

	Internal developments in relation to manufacturing site £'000	Customer and internal development programmes £'000	Perpetual software licences £'000	Patent costs £'000	Total £'000
Cost					
At 1 January 2022	411	8,407	252	633	9,703
Additions	–	5,340	273	219	5,832
At 31 December 2022	411	13,747	525	852	15,535
Additions	–	**6,443**	–	**357**	**6,800**
At 31 December 2023	**411**	**20,190**	**525**	**1,209**	**22,335**
Accumulated amortisation					
At 1 January 2022	164	1,038	23	–	1,225
Charge for the year	82	748	125	77	1,032
At 31 December 2022	246	1,786	148	77	2,257
Charge for the year	**82**	**728**	**137**	**77**	**1,024**
At 31 December 2023	**328**	**2,514**	**285**	**154**	**3,281**
Net book value					
At 31 December 2023	**83**	**17,676**	**240**	**1,055**	**19,054**
At 31 December 2022	165	11,961	377	775	13,278

The customer and internal development intangible primarily relates to the design, development and configuration of the Company's core fuel cell and system technology. Amortisation of capitalised development commences once the development is complete and is available for use.

11. Inventories

	31 December 2023	31 December 2022
	£'000	£'000
Raw materials	**1,648**	1,566
Work in progress	**787**	1,477
Finished goods	**390**	2,671
Total inventory	**2,825**	5,714

Inventories have reduced which reflects the stacks shipped to customers and the use of stacks for internal R&D projects, particularly the SOEC demonstrator.

12. Trade and other receivables

	31 December 2023	31 December 2022
Current:	**£'000**	£'000
Trade receivables	**3,422**	11,825
VAT receivable	**2,273**	1,853
RDEC receivable	**4,008**	3,032
Other receivables	**172**	443
	9,876	17,153
Non-current:		
Other receivables	**741**	741

13. Other current assets

	31 December 2023	31 December 2022
	£'000	£'000
Prepayments	**1,193**	869
Accrued grant income	–	88
	1,193	957

14. Net cash and cash equivalents, short-term and long-term investments

	31 December 2023	31 December 2022 Restated[1]
	£'000	£'000
Cash at bank and in hand	**7,063**	16,312
Money market funds	**42,644**	55,472
Cash and cash equivalents	**49,707**	71,784
Short-term investments	**90,249**	110,536
Cash and cash equivalents and investments	**139,956**	182,320

[1] The restatement to 2022 is described in Note 1.

The Group typically places surplus funds into pooled money market funds with same day access and bank deposits with durations of up to 24 months. The Group's treasury policy restricts investments in short-term sterling money market funds to those which carry short-term credit ratings of at least two of AAAm (Standard & Poor's), Aaa-mf (Moody's) and AAAmmf (Fitch) and deposits with banks with minimum long-term rating of A-/A3/A and short-term rating of A-2/P-2/F-1 for banks which the UK Government holds less than 10% ordinary equity.

15. Trade and other payables

	31 December 2023	31 December 2022
Current:	**£'000**	£'000
Trade payables	**3,624**	4,795
Other payables	**1,359**	138
	4,983	4,933

16. Other current liabilities

	31 December 2023 £'000	31 December 2022 Restated[1] £'000	31 December 2021 Restated[1] £'000
Current:			
Accruals	**5,933**	6,032	4,803
Deferred income[1]	**368**	243	244
	6,301	6,275	5,047
Non-current:			
Deferred income[1]	**1,360**	1,011	771

[1] The restatement to 2022 and 2021 is described in Note 1.

17. Derivative financial instruments

	Fair value hierarchy	Carrying amount 31 December 2023 £'000	Fair value 31 December 2023 £'000	Carrying amount 31 December 2022 £'000	Fair value 31 December 2022 £'000
Financial assets measured at fair value through profit or loss					
Forward exchange contracts	Level 2	**1**	**1**	26	26
Currency swap contract	Level 2	**7**	**7**	–	–
Non-deliverable forward contracts	Level 2	**–**	**–**	28	28
Total derivative assets		**8**	**8**	54	54
Financial liabilities measured at fair value through profit or loss					
Forward exchange contracts		**(99)**	**(99)**	–	–
Total derivative liabilities		**(99)**	**(99)**	–	–

18. Lease liabilities

	31 December 2023 £'000	31 December 2022 £'000
At the start of the period	**3,124**	3,039
New finance leases recognised	**66**	–
Lease payments	**(906)**	(956)
Interest expense	**248**	212
Adjustment to lease term	**64**	829
At the end of the period	**2,596**	3,124
Current	**694**	610

Non-current	**1,902**	2,514
Total at the end of the period	**2,596**	3,124

19. Provisions

	Property Dilapidations £'000	Warranties £'000	Contract Losses £'000	Total £'000
At 1 January 2022	1,828	1,253	326	3,407
Movements in the Consolidated Statement of Profit and Loss:				
Amounts used	–	–	(137)	(137)
Unused amounts reversed	–	(707)	(135)	(842)
Unwinding of discount	87	–	–	87
Increase in provision[1]	190	329	–	519
At 31 December 2022	2,105	875	54	3,034
Movements in the Consolidated Statement of Profit and Loss:				
Unused amounts reversed	–	**(553)**	**(10)**	**(563)**
Unwinding of discount	**89**	–	–	**89**
Change in provision	**88**	**281**	–	**369**
At 31 December 2023	**2,282**	**603**	**44**	**2,929**
Current	–	**603**	**44**	**647**
Non-current	**2,282**	–	–	**2,282**
At 31 December 2023	**2,282**	**603**	**44**	**2,929**
Current	–	875	54	929
Non-current	2,105	–	–	2,105
At 31 December 2022	2,105	875	54	3,034

[1] The restatement to 2022 is described in Note 1.

Following further progress on contracts and no new warranty issues identified in the period, £0.6m of the warranty provision was released to the Consolidated Statement of Profit or Loss. As at 31 December 2023 the Group has recorded a contingent liability of approximately £0.1m (31 December 2022: £0.3m) to reflect the lower possibility of the Group paying out on any potential failures for certain additional stacks that may still be running where the contracts have concluded.

20. Share capital

	31 December 2023		31 December 2022	
	Number of £0.10 Ordinary shares	**£'000**	Number of £0.10 Ordinary shares	£'000
Allotted and fully paid				
At 1 January	**192,086,775**	**19,209**	190,729,638	19,073
Allotted £0.10 Ordinary shares on exercise of employee share options	**881,321**	**88**	1,357,137	136
At 31 December 2023 / 31 December 2022	**192,968,096**	**19,297**	192,086,775	19,209

During the year ended 31 December 2023, 881,321 ordinary £0.10 shares were allotted for cash consideration of £799,684 on the exercise of employee share options (31 December 2022: 1,357,137 ordinary £0.10 shares were allotted for cash consideration of £866,717).

Reserves

The Consolidated Statement of Financial Position includes a merger reserve and a capital redemption reserve. The merger reserve represents a reserve arising on consolidation using book value accounting for the acquisition of Ceres Power Limited at 1 July 2004. The reserve represents the difference between the book value and the nominal value of the shares issued by the Company to acquire Ceres Power Limited. The capital redemption reserve was created in the year ended 30 June 2014 when 86,215,662 deferred ordinary shares of £0.04 each were cancelled.

21. Events after the balance sheet date

Since the end of the year, Ceres announced its first joint SOEC and SOFC licence agreement with Delta Electronics. The agreement includes revenue of £43m to Ceres through technology transfer, development licence fees, and engineering services.

Whilst we continue to maintain strong relationships with both Bosch and Weichai, it is now our belief that the proposed JV is unlikely to be completed in its current form.

In February 2024, we made a strategic decision to discontinue our option to acquire the remaining shares of RFC Power ("RFC"), the pioneering flow battery company, in which Ceres retains a 24.2% stake. We continue to support RFC's development through technology and engineering services, leveraging the complementary nature of our expertise in electrochemistry and systems. This decision is aligned with our strategy to concentrate on our core business areas of fuel cell and electrolysis innovation. We will also continue to support RFC to engage with potential financial and strategic partners to best position it to achieve future growth and success in the energy storage market.

22. Capital commitments

Capital expenditure that has been contracted for but has not been provided for in the financial statements amounts to £5,671,000 as at 31 December 2023 (31 December 2022: £8,679,000), in respect of the acquisition of property, plant and equipment.

23. Related party transactions

As at 31 December 2023 and as at 31 December 2022, the Group's related parties were its Directors and RFC Power Limited.

During the year the following Directors exercised share options:

Date of exercise	Director	Type of options	Total number of options exercised	Weighted average exercise price	Total gain on exercise	Number of shares retained
30 March 2023	Phil Caldwell	LTIP	200,000	£3.463	£672,600	200,000
04 May 2023	Phil Caldwell	Sharesave	4,610	£1.952	£6,602	4,610
07 July 2023	Mark Selby	2004 ESS	2,063	£2.825	£4,066	2,063
12 July 2023	Michelle Traynor	Sharesave	1,844	£1.952	£2,003	1,844
10 August 2023	Clarissa de Jager	Sharesave	7,377	£1.952	£10,284	7,377
03 October 2023	Phil Caldwell	2004 ESS	11,859	£3.204	£27,869	11,859

During the year ended 31 December 2023 two Directors sold 141,313 2004 Employee Shareholder Status (ESS) shares in Ceres Power Intermediate Holdings Ltd and received 92,864 Ceres Power Holdings plc shares in consideration in addition to the linked ESS options as set out in the table above.

During the year ended 31 December 2022, one Director exercised and retained 7,109 share options under the Company's employee share save scheme and one Director exercised and sold 14,218 share options under the Company's employee share save scheme. There were no other transactions between the Company and the Directors during the year ended 31 December 2022.

Transactions between the Group and RFC Power Limited, being an associated entity of the Group, comprised engineering consultancy services provided by the Group to RFC Power Limited for the value of £0.6m (31 December 2022: £0.4m).

Reconciliation between operating loss and Adjusted EBITDA

Management believes that presenting Adjusted EBITDA loss allows for a more direct comparison of the Group's performance against its peers and provides a better understanding of the underlying performance of the Group by excluding non-recurring, irregular and one-off costs. The Group currently defines Adjusted EBITDA loss as the operating loss for the period excluding depreciation and amortisation charges, share-based payment charges, unrealised losses on forward contracts and exchange gains/losses.

	31 December 2023 £'000	31 December 2022 Restated[1] £'000
Operating loss[1]	**(59,401)**	(54,013)
Depreciation and amortisation	**9,126**	7,244
Share-based payment charges	**67**	997
Unrealised losses on forward contracts	**143**	1,020
Exchange gains	**(232)**	(934)
Adjusted EBITDA	**(50,297)**	(45,686)

[1] The restatement to 2022 is described in Note 1.