17 March 2022

Ceres Power Holdings plc
Final Results for the year ended 31 December 2021

SIGNIFICANT PROGRESS DRIVES GROWTH AND INVESTMENT FOR FUTURE SCALE

Ceres Power Holdings plc ("Ceres Power", "Ceres", the "Company" or the "Group") (AIM: CWR.L), a global leader in fuel cell and electrochemical technology, announces its final results for the year ended 31 December 2021.

Phil Caldwell, CEO of Ceres Power commented: *"The recent global volatility has only served to highlight the urgency for energy security around the world, with governments under increasing pressure to decarbonise their societies and hydrogen now widely acknowledged as an essential part of the route to net zero. We need a different energy landscape and Ceres' purpose to deliver technology that enables a clean and efficient energy future is absolutely aligned with that goal. We have made significant progress on our growth ambitions this year, to establish Ceres as a leading player in the sector."*

Financial highlights

- Strong progress on major contracts has driven a 44% increase in revenue and other operating income to £31.7m for the year ended 31 December 2021 (CY 2020[1]: £21.9m)
- Increased gross profit of £20.3m (CY 2020[1]: £14.6m) at sector-leading gross margin of 66% (CY 2020[1]: 67%) driven by our IP licensing model
- £250m of cash and investments as at 31 December 2021 (Dec 2020: £110m) following a successful fundraising in March netting proceeds of £179m to support growth into electrolysis for the production of green hydrogen

Strategic highlights

- Building manufacturing scale globally
  - After the year end, Weichai, Bosch and Ceres signed China JV Heads of Terms; aimed at a third global manufacturing centre
  - Bosch to invest €400m into its solid oxide fuel cell (SOFC) business in Germany between now and 2024
  - Doosan announced 143.7bn won (c.£89m) investment to build an SOFC stack manufacturing plant in Korea
- Embedding Ceres' technology in systems globally
  - 30kW stationary power system development with Weichai, extends applications alongside transportation
  - Bosch installing ~100 small-scale stationary fuel cell power plants across Germany
  - Doosan preparing soft launch of its 10kW SOFC system using Ceres' technology later in 2022
  - Doosan signed a letter of intent with Shell and Hyundai Heavy Industries, to develop an SOFC marine system
- Unique and valuable technology to address climate change
  - First-of-a-kind solid oxide electrolyser (SOEC) 1MW-scale demonstrator in build to become operational in 2022
  - Strong interest and discussions in progress with several potential commercial partners on SOEC
  - Formation of Ceres Radar; first joint development with long-duration energy storage company RFC Power
- Investment in our business
  - Continued to attract and retain highly talented scientists and engineers, adding over 160 people in 2021
  - "Investment in the future"[2] increased to £34.9m (CY2020 £26.0m) driven by growth in SOEC investment
  - Executive team strengthened with the addition of Eric Lakin (CFO), Deborah Grimason (General Counsel) and Caroline Hargrove (CTO)

[1] Calendar Year 2020 (CY 2020) results for the 12 months ended 31 December 2020 are an Alternative Performance Measure, as defined and reconciled to the Group's results for the 18 months ended 31 December 2020 in the non-GAAP section towards the end of this report.

[2] "Investment in the future" defined as R&D costs, capitalised development and capital expenditure

Financial Summary:	**12 months ended 31 December 2021 Audited £'000**	**12 months ended 31 December 2020 Unaudited[1]** £'000	**18 months ended 31 December 2020 Audited** £'000
Total revenue and other operating income, comprising:	**31,700**	**21,947**	**32,987**
Licence fees	16,646	7,748	10,519
Engineering services revenue	6,777	5,970	10,866
Provision of technology hardware	7,353	7,953	10,297
Other operating income	924	276	1,305
Gross margin %	**66%**	**67%**	**67%**
Adjusted EBITDA loss[2] – SOFC[3]	(4,492)	(8,312)	(9,063)
Adjusted EBITDA loss[2] – SOEC[3]	(12,183)	(1,643)	(2,305)
Adjusted EBITDA loss[2] – total Group	**(16,675)**	**(9,955)**	**(11,368)**
Operating loss	(23,430)	(14,788)	(17,634)
Net cash used in operating activities	(20,342)	(2,257)	(5,824)
Net cash and investments	249,584	110,186	110,186

1. To assist users of the accounts with understanding the Group's underlying trading, unaudited calendar year results have been presented on a like-for-like basis with the comparative period covering the 12 months ended 31 December 2020. CY 2020 results are reconciled to the results for the 18 months ended 31 December 2020 in the non-GAAP section towards the end of this report.

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

3. Following the Group's decision to invest more heavily into solid oxide electrolysis cell (SOEC) technology, the separate disclosure of SOEC Adjusted EBITDA in addition to the Group's historical solid oxide fuel cell (SOFC) technology Adjusted EBITDA is considered to provide additional useful information to allow readers of the interim results to more fully understand the Group's performance. Adjusted EBITDA by segment is reconciled to operating loss in Note 3.

Analyst presentation

Ceres Power Holdings plc will be hosting a live webcast for analysts and investors on 17 March 2022 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 please visit www.ceres.tech or contact:

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About Ceres Power

Ceres is a world-leading developer of electrochemical technologies: fuel cells for power generation, electrolysis for the creation of green hydrogen and energy storage. Its asset-light, licensing model has seen it establish partnerships with some of the world's largest engineering and technology companies, such as Weichai in China, Bosch in Germany, Miura in Japan, and Doosan in Korea, to develop systems and products that address climate change for power generation, transportation, industry, data centres and everyday living. Ceres is listed on the AIM market of the London Stock Exchange ("LSE") (AIM: 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.

Chief Executive's Statement

We have yet again delivered strong growth; with a 44% increase in revenue and other income compared with the 12 months ended 31 December 2020, a £179m fundraising completed to support an expanded strategy for green hydrogen, and a step-change in the ambition of our partners to scale our technology for mass production.

It is the urgency of the climate change agenda that requires us to act now and to deploy clean technologies at scale and pace – and Ceres is achieving that through collaboration with some of the world's most progressive companies.

Collaboration with global partners

Having worked in the industry for almost 20 years, I can see the demand for hydrogen and fuel cell technologies has never been as great. This is down to a combination of three factors: the need for corporates to transition from existing technologies such as combustion engines towards a net zero future, government policies aligned with a low-carbon future and a shift in investing, providing unprecedented levels of capital for companies with strong ESG credentials. It is not a coincidence that Ceres' first commercial partnerships have been in locations with more progressive targets around climate action and ambitious plans for deployment of fuel cell and hydrogen technologies.

Ceres aims to achieve scale through partnerships and the ecosystem is growing, with Bosch targeting 200MW of production capacity in Germany, Doosan installing 50MW as a first step of capacity in South Korea, and now a planned collaboration with Bosch and Weichai scaling up in China. Ceres has deep expertise in hydrogen and fuel cell technology, but to realise our ambition for our technology to impact the climate challenge, we must work with partners who know how to industrialise products for mass production on a global scale.

Weichai, Bosch and Ceres form strategic collaboration for the Chinese market

In February 2022, we were pleased to share our progress on the formation of a three-way collaboration with Weichai and Bosch to access the substantial opportunities that exist for fuel cell technologies in the Chinese market. We believe it could be the largest market for our technology as China addresses its goals towards a low-carbon future.

History tells us that companies in China know how to scale, how to mass produce and how to drive down cost curves. Whilst China accounts for 30% of global emissions, it also represents a key part of how we achieve net zero.

Following the period end, we signed non-binding Heads of Terms setting out plans for two separate joint ventures in Shandong Province, China. It is intended that a three-way system Joint Venture ("System JV") will be set up for the development and manufacture of SOFC system products, with Weichai as the majority shareholder and Bosch and Ceres as minority shareholders. Ceres will invest around £20 million over time and hold a maximum 10% share with Board representation.

Separately, a stack manufacturing JV ("Stack JV") will be jointly established between Bosch and Weichai, with Bosch as the majority shareholder. Ceres will not be a shareholder but will receive royalties from this JV on the sale of stacks. The Stack JV would be the second manufacturing facility for Bosch and is planned to follow its initial 200MW facility in Germany, where start of production is anticipated for 2024.

We have every confidence in our collaboration with Weichai and, with the addition of Bosch's expertise in industrialisation and manufacturing, we have the potential to establish one of the strongest partnerships in the fuel cell industry globally.

Market Opportunities

Ceres has a proprietary technology that is truly reversible. Running in one direction it can use multiple fuels to generate power highly efficiently when and where you need it. Run in reverse, it generates green hydrogen at high efficiencies and low cost.

We have established a leading technology position in fuel cells that is being demonstrated in multiple applications and geographies with established global partners. Now, we have the potential to address an even greater market for electrolysis through a highly efficient, low-cost production method for hydrogen in a market where the requirement for hydrogen is predicted to double each decade between 2030 and 2050.

Across our energy systems, there is a need to reinforce power grids that are coming under increasing demand from electrification. Stationary fuel cell systems, such as those developed by Miura, Doosan and Bosch using Ceres' SOFC technology provides highly efficient, scalable, fuel-flexible and environmentally friendly power generation systems for use in many applications. As an example, Bosch's product achieves electrical efficiency of over 60% and provides useful temperatures for heating and hot water, delivering a total efficiency greater than 85%. The Bosch system is scalable providing flexible, decentralised power for cities, data centres, electrical charging infrastructure or in industrial or commercial settings. Bosch is aiming for production capacity of about 200 megawatts output per year from 2024, enough to supply around 400,000 people with household electricity.

In transportation, batteries are a good fit for lighter vehicles in an urban environment. As you require more power density for heavier vehicles a hybrid battery and fuel cell system, such as the 30kW range extender for buses and commercial vehicles we are developing with Weichai Power for the Chinese market, is ideal. Especially for high-utilisation, long-distance applications, or vehicles with heavy payloads.

Similarly, in decarbonising heavier transportation such as shipping we are seeing strong interest in our fuel flexible technology as a route to decarbonisation. Ceres is working with two maritime consortia in the UK to carry out separate feasibility studies on the use of SOFC technology in ship architecture. South Korea is one of the biggest shipbuilding nations in the world; here our partner Doosan has signed a letter of intent with Shell and the shipping division of Hyundai Heavy Industries, looking to apply Ceres' fuel cell technology to auxiliary and even prime propulsion in ships, with international shipping accounting for around 2% of global energy-related CO2 emissions according to the International Energy Agency.

Expanding our strategy

Globally, industry accounts for 24% of carbon dioxide emissions and electrification is not a credible route to decarbonise many processes. For steel (accounting for 7% of global carbon emissions), ammonia and cement (2% each), hydrogen provides an economic solution to address parts of the energy system that cannot be directly electrified, where we rely on fossil fuels today. We need to start working on these hard-to-abate areas now as they are significant problems with major infrastructure challenges.

In early 2021, we took the decision to broaden the addressable market of the Company, moving into the production of green hydrogen using Ceres' technology through electrolysis. To do that we are committing £100 million to develop megawatt-scale, high-efficiency Ceres electrolysers. Importantly, solid oxide electrolysers such as Ceres' aim to produce hydrogen at efficiencies around 20% greater than other technologies, in the range from mid-80s to 90% efficiency, where it is possible to make use of waste heat in industrial processes to drive this high efficiency. We believe we have a pathway to produce green hydrogen at $1.5/kg, which is the point at which electrolysis becomes competitive with blue and grey hydrogen produced using fossil fuels, at a price point that is key to making green hydrogen commercially viable.

Estimates suggest hydrogen could eventually account for 18% of primary energy. That is a big opportunity – according to McKinsey it is a $2.5 trillion opportunity. In March last year, we raised £179m in the public markets to support our growth. I am seeing a change in the capital markets, certainly from when I took over as Chief Executive of Ceres in 2013, with recognition that greater investment is needed to scale companies like Ceres, and others, to meet the climate challenge. I believe we have a very strong investment case.

Our licensing business model differentiates us from a pure play fuel cell or electrolyser manufacturing company. As a licensing business, committed to delivering clean energy for a net zero future, it is imperative that alongside delivering our fuel cell and hydrogen electrolysis businesses, we continue to drive innovation to create future value, both through investment in further progressing our own technology and partnering in new areas, which are aligned with our purpose. That is why we have now formed Ceres Radar, which is seeking to capitalise on the deep experience our team has built in identifying technologies aligned with our purpose where we can employ our expertise in technology development and licensing to accelerate these towards commercialisation.

Our first investment, announced in November, is in long-duration energy storage with RFC Power, an early-stage company that has a strategy to develop the world's lowest-cost flow battery – a hybrid between a fuel cell and a battery that decouples power from energy. Long-duration energy storage technologies, such as hydrogen and flow batteries, have an important role to play in decarbonising the energy system. Before we decide to increase our ownership, we are going to work with RFC for up to a year giving us time to get to know the Company and the technology and to understand the commercial opportunity.

In meeting the challenge of the scale and pace required to meet a net zero future, not everything we do at Ceres will be organic. We now have considerable capability we can deploy into new areas in developing unique and often difficult and IP-rich technologies, and scaling through our licensing partnerships model.

In March 2022, we announced a multi-million pound investment to establish a state-of-the-art fuel cell and electrolysis test facility in partnership with global engineering and testing consultancy, Horiba Mira. The agreement expands Ceres' test stand capacity and includes development of next-generation testing infrastructure to support Ceres' core technology and systems to be delivered at scale and pace with global partners. The partnership combines best-in-class UK expertise and our commitment to grow jobs and value for the UK economy through delivering clean energy technology to global markets.

Our people

The war in Ukraine has put many things into perspective and at Ceres I feel so proud to be a high-growth UK company with such a talented, multi-cultural workforce, including team members from Ukraine. We went into lockdown in 2020 with around 200 people and have emerged this year with over 500 passionate scientists and engineers operating across two sites in the UK and many now remotely, both in the UK and internationally. At Ceres we have a strong culture and we were proud to be the recipient of a Queen's Awards for Enterprise in 2021 recognising our people's commitment to excellence in International Trade.

To support the Company's growth, we also developed and launched a new Ceres Academy platform designed and tailored around our core purpose, strategy and values. It sits at the heart of nurturing and developing our people through onboarding, general e-learning and tailored high-potential programmes. We also strengthened our management – with the arrival of Eric Lakin as Chief Financial Officer, Caroline Hargrove as Chief Technology Officer and Deborah Grimason as General Counsel and Company Secretary – who bring fresh perspective to our existing, talented team.

I would like to take the opportunity to thank all the Ceres employees for their hard work during the year and add my personal thanks to Richard Preston, who became CFO as I joined the Company in 2013 and has made a major contribution to the success of the business over the last nine years.

The UK is a science and technology powerhouse: as a nation we have invented some of the world's best technology that we still deploy widely around us today. I believe the same thing can be true of hydrogen and fuel cell technology. At Ceres we are world leaders in this technology, and through our global partners we can scale at pace to deliver clean energy for society and for all our benefit.

Phillip Caldwell
Chief Executive Officer

Financial Review

During 2020 we changed our accounting period end from 30 June to 31 December, and as a result we have prepared the prior period financial statements for the 18 months ended 31 December 2020. To assist with understanding the underlying results of the business, we have also prepared a set of unaudited Calendar Year results for the 12 months to 31 December 2020 (CY2020) to compare with the 12 months ended 31 December 2021 (CY2021), which the commentary of the results below also reflects.

The Group saw strong top-line growth of 44% in 2021 compared to the previous 12-month period, with revenues and other income of £31.7m (CY2020: £22.0m and 18-month period to 31 December 2020: £33.0m). All revenue in 2021 related to the fuel cell business and the growth was driven by licence fee income, principally from our partner Doosan. Gross margins remained high at 66% (CY2020 and 18-month period to 31 December 2020: 67%), driven by a high proportion of licence fee revenue recognised in the year.

Order book and pipeline fell to £79.8m at 31 December 2021 from £98.7m at 31 December 2020; much of this decrease was a result of recognising licence fees from the Doosan contract during the year. Going forwards, the order book and pipeline will continue to vary depending on the timing of contracts won and revenue earned from them.

Segmental reporting: Fuel cells and electrolysis

During the year we began to report SOEC as a separate segment to the SOFC business as we started our SOEC activities in earnest. This is in line with internal reporting, which we have done to separate the progress in both parts of the business, that are at different stages of commercialisation.

The SOFC part of the business, which had strong sales and gross profit growth of £9.1m and £5.8m respectively, compared to CY2020, reduced its adjusted EBITDA loss by £3.8m to £4.5m (CY2020: £8.3m). There will be continued investment in SOFC to support future expansion, and so the level of losses or future profitability of this part of the business will continue to be highly influenced by the level of SOFC licence fee revenue recognised in a given period until royalty revenue streams become material.

Our SOEC business showed an adjusted EBITDA loss of £12.2m (CY2020: £1.6m), reflecting research and development activities as well as the initial costs of setting up the 1MW demonstration unit.

Focused investment for the future

The underlying theme across both segments of the business in 2021 was investments to drive innovation and future growth, including capital investments and strategic resources. We have put focus on building the commercial, engineering, test and energy materials science teams. Overall, our employee base grew as planned, with 489 people employed at 31 December 2021 compared to 325 people as at 31 December 2020. Overall research and development costs increased by 38% and £6.3m compared to CY2020.

Capitalised development in the year, which only relates to ongoing SOFC development, increased to £4.6m compared to £2.7m for CY2020 and we hold net £8.5m capitalised to date. Amortisation of this to the income statement increased, as expected, to £1.0m from £0.2m in the 18-month period to 31 December 2020.

Our investment in property, plant and equipment of £7.4m (CY2020: £6.7m) was principally on manufacturing improvement and capacity expansion, as well as expanding our test infrastructure. This continued investment also resulted in increased depreciation of £4.8m in 2021 compared to CY2020 of £3.6m.

Going forward, we plan to accelerate growth of our test capability significantly over the coming year to support the expected growth of our partners, and also cater for additional market opportunities including SOEC and new SOFC applications such as marine and alternative fuels. We also intend to expand our manufacturing capacity for prototypes and demonstrators for both SOFC and SOEC products. Consequently, we expect our capital expenditure to increase significantly in 2022 from 2021 levels.

Overall, this “investment in the future” (R&D costs, capitalised development and capital expenditure) increased 34% to £34.9m (CY2020: £26.0m). The £34.9m comprises £22.9m in R&D (excluding depreciation, amortisation and share-based payments), £7.4m in capital expenditure and £4.6m in capitalised development. Of the £34.9m, £10.7m was investment in SOEC (CY2020: £1.3m).

As a result of these investments and increased amortisation and depreciation, the Group reported an increased operating loss of £23.4min 2021, up from a loss of £14.8m in CY2020 (£17.6m in the 18-month period to 31 December 2020).

Strong financial position: the foundation for continued progressive growth

The Group ended the year with a strong cash position of £250m in cash and investments as at 31 December 2021 (31 December 2020: £110m) reflecting the equity fundraise of £179m during the year.

Equity free cash outflow (defined and reconciled to net cash from operating activities at the end of this report) was £32.0m (CY2020: £11.8), being driven by net cash used in operating activities of £20.3m, capital expenditure of £7.4m, capitalised development of £4.6m with the balance from interest payments and exchange rate movements. The net cash used in operating activities in the year was adversely impacted by a movement in net contract assets of £9.7m due to timing differences between invoicing and recognising revenue on contracts.

Other significant movements in the balance sheet included inventories increasing to £3.1m (31 December 2020: £2.1m) due to increased activity at our manufacturing facility and trade and other payables reducing to £2.8m (31 December 2020: £9.1m) reflecting the payment of receipts received in December 2020 relating to the exercise of certain share options.

Financial outlook

Significant opportunities exist as the Group invests in innovative electrochemical technology and expands its relationships with international strategic partners to build a pioneering position in the global energy transition away from the dependency on hydrocarbons.

Strong top-line growth is expected to continue into 2022 and the phasing of revenue in the year will be materially influenced by the timing of the new China Joint Venture formation. We are planning to significantly increase our investments in R&D and capital investment in 2022 to drive Ceres' future growth including electrolysis and new application capabilities in line with our strategy. The Group is well positioned to address the broadening opportunities we see across fuel cells, electrolysis and other clean energy technology solutions. We continue to work with our partners to enable them to access the end markets in volume, as planned for 2024 and beyond.

Calendar Year Results (unaudited)

The Group has prepared comparative Calendar Year results to enable a more consistent like-for-like review of the trading performance of the business. The Calendar Year results are an Alternative Performance Measure and cover the trading period for the 12 months ended 31 December 2021 (CY2021) and the 12 months ended 31 December 2020 (CY2020). The basis of preparation applied to the Calendar Year results together with a reconciliation to the Group's Statutory IFRS Results are provided at the end of this report.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS – CALENDAR YEAR (NON-GAAP)

for the 12 months ended 31 December 2021

Unaudited	**CY2021** **£'000**	CY2020 £'000
Revenue	30,776	21,671
Cost of sales	(10,427)	(7,085)
Gross profit	**20,349**	**14,586**
Other operating income	924	276
Operating costs	(44,703)	(29,650)
Operating loss	**(23,430)**	**(14,788)**
Finance income	438	698
Finance expense	(380)	(434)
Loss before taxation	**(23,372)**	**(14,524)**
Taxation credit	1,970	1,353
Loss for the financial year	**(21,402)**	**(13,171)**
Adjusted EBITDA[1]	**(16,675)**	**(9,955)**

SEGMENTAL REPORTING – ANALYSIS OF RESULTS BETWEEN FUEL CELLS AND ELECTROLYSIS (NON-GAAP)

for the 12 months ended 31 December 2021

Unaudited

	CY2021			CY2020		
	SOFC **£'000**	**SOEC** **£'000**	**Total** **£'000**	SOFC £'000	SOEC £'000	Total £'000
Revenue	30,776	–	30,776	21,671	–	31,682
Cost of sales	(10,427)	–	(10,427)	(7,085)	–	(7,085)
Gross profit	**20,349**	–	**20,349**	**14,586**	–	**14,586**
Other operating income	924	–	924	276	–	276
Operating costs (excluding adjusting items)	(25,765)	(12,183)	(37,948)	(23,174)	(1,643)	(24,817)
Adjusted EBITDA[1]	**(4,492)**	**(12,183)**	**(16,675)**	**(8,312)**	**(1,643)**	**(9,955)**

[1] Adjusted EBITDA is an Alternative Performance Measure, as defined and reconciled to operating loss at the end of this report.

CONSOLIDATED CASH FLOW STATEMENT – CALENDAR YEAR (NON-GAAP)

for the 12 months ended 31 December 2021

Unaudited

	CY2021	CY2020
	£'000	£'000
Loss before income tax	**(23,372)**	**(14,524)**
Non-cash adjustments	6,697	4,732
Movements in working capital	(6,745)	5,075
Income tax received	3,078	2,460
Net cash used in operating activities	**(20,342)**	**(2,257)**
Investing activities		
Purchase of property, plant and equipment	(7,377)	(6,656)
Capitalised development expenditure	(4,573)	(2,719)
Decrease/(increase) in long-term investments	3,000	(8,000)
Net increase in short-term investments	(23,898)	(29,231)
Finance income received	438	669
Net cash used in investing activities	**(32,410)**	**(45,937)**
Financing activities		
Proceeds from issuance of ordinary shares	181,472	50,249
Expenses from issuance of ordinary shares	(2,572)	(344)
Cash (paid)/received on behalf of employees on the sale of share options	(7,490)	7,490
Repayment of lease liabilities	(405)	(389)
Finance interest paid	(316)	(434)
Net cash generated from financing activities	**170,689**	**56,572**
Net increase in cash and cash equivalents	117,937	8,378
Exchange gains/(losses) on cash and cash equivalents	563	(29)
Cash and cash equivalents at beginning of year/period	32,955	24,606
Cash and cash equivalents at end of year/period	**151,455**	**32,955**
Short-term investments	93,129	69,231
Long-term investments	5,000	8,000
Cash, short and long-term investments	**249,584**	**110,186**

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the 12 months ended 31 December 2021

	Note	**12 months ended 31 December 2021 £'000**	18 months ended 31 December 2020 £'000
Revenue	2	30,776	31,682
Cost of sales		(10,427)	(10,355)
Gross profit		**20,349**	**21,327**
Other operating income[1]		924	1,305
Operating costs	4	(44,703)	(40,266)
Operating loss		**(23,430)**	**(17,634)**
Finance income	5	438	989
Finance expense	5	(380)	(664)
Loss before taxation		**(23,372)**	**(17,309)**
Taxation credit	6	1,970	2,493
Loss for the financial period and total comprehensive income		**(21,402)**	**(14,816)**
Loss per £0.10 ordinary share expressed in pence per share:			
- basic and diluted	7	(11.53)p	(9.12)p

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

[1] Other operating income refers to grant income

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Note	**31 December 2021 £'000**	31 December 2020 £'000
Non-current assets			
Property, plant and equipment	8	18,141	14,979
Right-of-use assets	9	2,438	3,971
Intangible assets	10	8,478	4,909
Long-term investments	14	5,000	8,000
Investments in associates		500	–
Other receivables	12	741	741
Total non-current assets		**35,298**	**32,600**
Current assets			
Inventories	11	3,145	2,107
Contract assets	2	7,331	864
Other current assets	13	1,133	1,002
Derivative financial instruments		1,073	59
Current tax receivable		3,531	3,124
Trade and other receivables	12	4,865	5,570
Short-term investments	14	93,129	69,231
Cash and cash equivalents	14	151,455	32,955
Total current assets		**265,662**	**114,912**
Liabilities			
Current liabilities			
Trade and other payables	15	(2,783)	(9,112)
Contract liabilities	2	(4,290)	(7,505)
Other current liabilities	16	(5,818)	(2,675)
Derivative financial instruments		–	(43)
Lease liabilities	17	(754)	(823)
Provisions	18	(1,579)	(612)
Total current liabilities		**(15,224)**	**(20,770)**
Net current assets		**250,438**	**94,142**
Non-current liabilities			
Lease liabilities	17	(2,285)	(3,622)
Provisions	18	(1,828)	(1,610)
Total non-current liabilities		**(4,113)**	**(5,232)**
Net assets		**281,623**	**121,510**
Equity attributable to the owners of the parent			
Share capital	19	19,073	17,217
Share premium		404,726	227,682
Capital redemption reserve		3,449	3,449
Merger reserve		7,463	7,463
Accumulated losses		(153,088)	(134,301)
Total equity		**281,623**	**121,510**

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

CONSOLIDATED CASH FLOW STATEMENT

for the 12 months ended 31 December 2021

	Note	**12 months ended 31 December 2021 £'000**	18 months ended 31 December 2020 £'000
Cash flows from operating activities			
Loss before taxation		**(23,372)**	**(17,309)**
Adjustments for:			
Finance income	5	(438)	(989)
Finance expense	5	380	664
Depreciation of property, plant and equipment	8	4,215	3,820
Depreciation of right-of-use assets	9	541	776
Amortisation of intangibles	10	1,004	208
Net foreign exchange (gains)/losses		(563)	139
Net change in fair value of financial instruments		(1,057)	(55)
Share-based payments		2,615	1,378
Operating cash flows before movements in working capital		**(16,675)**	**(11,368)**
Decrease/(increase) in trade and other receivables and other current assets		22	(2,338)
Increase in inventories		(1,038)	(704)
Increase in trade and other payables and other liabilities		2,832	752
Increase in contract assets		(6,467)	(142)
(Decrease)/increase in contract liabilities		(3,215)	4,444
Increase in provisions		1,121	1,072
Net cash used in operations		**(23,420)**	**(8,284)**
Taxation received		3,078	2,460
Net cash used in operating activities		**(20,342)**	**(5,824)**
Investing activities			
Purchase of property, plant and equipment		(7,377)	(9,256)
Capitalised development expenditure		(4,573)	(3,795)
Decrease/(increase) in long-term investments		3,000	(8,000)
Increase in short-term investments		(62,898)	(74,380)
Repayment of short-term investments		39,000	68,849
Finance income received		438	1,123
Net cash used in investing activities		**(32,410)**	**(25,459)**
Financing activities			
Proceeds from issuance of ordinary shares		181,472	50,851
Expenses from issuance of ordinary shares		(2,572)	(344)
Cash (paid)/received on behalf of employees on the sale of share options		(7,490)	7,490
Repayment of lease liabilities	17	(405)	(523)
Finance interest paid	17	(316)	(664)
Net cash generated from financing activities		**170,689**	**56,810**
Net increase in cash and cash equivalents		**117,937**	**25,527**
Exchange gains/(losses) on cash and cash equivalents		563	(139)
Cash and cash equivalents at beginning of year/period		32,955	7,567
Cash and cash equivalents at end of year/period	14	**151,455**	**32,955**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the 12 months ended 31 December 2021	**Share capital £'000**	**Share premium £'000**	**Capital redemption reserve £'000**	**Merger reserve £'000**	**Accumulated losses £'000**	**Total £'000**
At 1 July 2019	**15,277**	**179,116**	**3,449**	**7,463**	**(120,863)**	**84,442**
Comprehensive income						
Loss and total comprehensive loss for the financial period	–	–	–	–	(14,816)	(14,816)
Total comprehensive loss	–	–	–	–	(14,816)	(14,816)
Transactions with owners						
Issue of shares, net of costs	1,940	48,566	–	–	–	50,506
Share-based payments	–	–	–	–	1,378	1,378
Total transactions with owners	–	–	–	–	1,378	51,884
At 31 December 2020	**17,217**	**227,682**	**3,449**	**7,463**	**(134,301)**	**121,510**
Comprehensive income						
Loss and total comprehensive loss for the financial year	–	–	–	–	(21,402)	(21,402)
Total comprehensive loss	–	–	–	–	(21,402)	(21,402)
Transactions with owners						
Issue of shares, net of costs	1,856	177,044	–	–	–	178,900
Share-based payments	–	–	–	–	2,615	2,615
Total transactions with owners	1,856	177,044	–	–	2,615	181,515
At 31 December 2021	**19,073**	**404,726**	**3,449**	**7,463**	**(153,088)**	**281,623**

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

1. Basis of preparation

The financial information presented in this preliminary 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 preliminary announcement are unchanged from those used in the company's statutory financial statements for the year ended 31 December 2021. 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 announcement 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 2021 which have been approved by the Board of Directors, and the comparative figures for the 18 months ended 31 December 2020 are based on the financial statements for that year.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into the UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting from the transition.

The financial statements for 2020 have been delivered to the Registrar of Companies and the 2021 financial statements will be delivered after the Annual General Meeting on 5 May 2022.

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 AIM Rules.

In 2020, the Group extended its accounting period from the 12 months ended 30 June 2020 to the 18 months ended 31 December 2020. As a result, the comparative period covers the 18-month period ended 31 December 2020.

Going concern

The Group has reported a loss after tax for the year ended 31 December 2021 of £21.4m and net cash used in operating activities of £20.3m. At 31 December 2021, following the receipt of c.£179m of funds from the equity placement in March 2021, it held cash and cash equivalents and investments of £250m. The directors have prepared annual budgets and cash flow projections that extend beyond 15 months from the date of approval of this report. These projections were supported by stress testing forecast cash flows considering the impact of different scenarios including the Group's expectation of the potential future impact of Covid-19. In each case the projections demonstrated that the Group will 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 financial statements. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

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 year, with no material effect on the consolidated financial statements. A number of adopted IFRSs have been issued with an effective date for annual periods beginning 1 January 2022 that the Group has not yet adopted. The adoption of these unissued standards is not expected to have 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	12 months ended 31 December 2021 £'000	18 months ended 31 December 2020 £'000
Europe	7,676	14,228
Asia	22,748	16,613
North America	109	841
Rest of World	243	–
	30,776	**31,682**

Major product/service lines	12 months ended 31 December 2021 £'000	18 months ended 31 December 2020 £'000
Engineering services	6,777	10,866
Provision of technology hardware	7,353	10,297
Licenses	16,646	10,519
	30,776	**31,682**

Timing of transfer of goods and services	12 months ended 31 December 2021 £'000	18 months ended 31 December 2020 £'000
Products and services transferred at a point in time	15,326	15,280
Products and services transferred over time	15,450	16,402
	30,776	**31,682**

The contract-related assets and liabilities are as follows	31 December 2021 £'000	31 December 2020 £'000
Trade receivables	2,612	3,328
Contract assets – accrued income	7,010	837
Contract assets – deferred costs	321	27
Contract assets	**7,331**	**864**
Total contract-related assets	**9,943**	**4,192**
Contract liabilities – deferred income	**(4,290)**	**(7,505)**

3. Segmental analysis

In accordance with IFRS 8, the Group identified reporting segments 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.

Historically the Group has reported its performance in a single segment, reflecting the Group's solid oxide fuel cell (SOFC) technology. For the current year, following increased investment in and development of the Group's solid oxide electrolysis cell (SOEC) technology, the Group has introduced segmental reporting internally that separately discloses the results of the two segments, down to adjusted EBITDA level, to the Executive team.

Following the change of segmental reporting during the year, comparatives for the 18 months ended 31 December 2020 have been represented accordingly.

	12 months ended 31 December 2021			18 months ended 31 December 2020		
	SOFC £'000	**SOEC £'000**	**Total £'000**	SOFC £'000	SOEC £'000	Total £'000
Revenue	30,776	–	30,776	31,682	–	31,682
Cost of sales	(10,427)	–	(10,427)	(10,355)	–	(10,355)
Gross profit	**20,349**	–	**20,349**	**21,327**	–	**21,327**
Other operating income	924	–	924	1,305	–	1,305
Operating costs (excluding adjusting items)	(25,765)	(12,183)	(37,948)	(31,695)	(2,305)	(34,000)
Adjusted EBITDA[1]	**(4,492)**	**(12,183)**	**(16,675)**	**(9,063)**	**(2,305)**	**(11,368)**
Adjusting items:						
Depreciation and amortisation			(5,760)			(4,804)
Share-based payment charge			(2,615)			(1,378)
Net foreign exchange losses/(gains)			563			(139)
Fair value adjustment			1,057			55
Operating loss			**(23,430)**			**(17,634)**
Finance income			438			989
Finance expense			(380)			(664)
Loss before taxation			**(23,372)**			**(17,309)**
Taxation credit			1,970			2,493
Loss for the financial year			**(21,402)**			**(14,816)**

[1] Adjusted EBITDA is an Alternative Performance Measure, as defined and reconciled to operating loss at the end of this report.

4. Operating costs

Operating costs are split as follows:	**12 months ended 31 December 2021 £'000**	18 months ended 31 December 2020 £'000
Research and development costs	31,290	27,820
Administrative expenses	11,245	10,060
Commercial expenses	2,168	2,386
	44,703	**40,266**

5. Finance income and expenses

	12 months ended 31 December 2021 £'000	18 months ended 31 December 2020 £'000
Interest received	**438**	**989**
Interest on lease liabilities	(316)	(664)
Unwinding of discounts on provisions	(64)	–
Total interest expense	**(380)**	**(664)**

6. Taxation

	12 months ended 31 December 2021 £'000	18 months ended 31 December 2020 £'000
UK corporation tax	(2,917)	(3,124)
Foreign tax suffered	973	798
Adjustment in respect of prior periods	(26)	(167)
	(1,970)	**(2,493)**

No UK corporation tax liability has arisen (2020: £nil) due to the losses incurred.

The current tax rate of 19% is unchanged (2020:19%)

A tax credit has arisen as a result of expenditure surrendered and claimed under the SME R&D and RDEC tax credit regimes in the current year and prior period. Foreign tax relates to withholding tax arising on license income receivable from customers based in China and South Korea

7. Loss per share

	12 months ended 31 December 2021 £'000	18 months ended 31 December 2020 £'000
Loss for the financial year/period attributable to shareholders	(21,402)	(14,816)
Weighted average number of shares in issue	185,689,432	162,474,146
Loss per £0.10 ordinary shares (basic and diluted)	**(11.53)p**	**(9.12)p**

8. Property, plant and equipment

	Leasehold Improvements £'000	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Assets under construction £'000	Motor vehicles £'000	Total £'000
Cost							
At 1 July 2019	**2,222**	**10,846**	**1,458**	**69**	**6,803**	**12**	**21,410**
Additions	708	5,904	603	35	1,780		9,030
Transfers	2,958	4,659	–	210	(7,827)	–	–
Disposals	(5)	–	–	–	–	–	(5)
At 31 December 2020	**5,883**	**21,409**	**2,061**	**314**	**756**	**12**	**30,435**
Additions	1,529	3,521	502	34	1,791		7,377
Transfers	–	572	–	–	(572)	–	–
At 31 December 2021	**7,412**	**25,502**	**2,563**	**348**	**1,975**	**12**	**37,812**
Accumulated depreciation							
At 1 July 2019	**2,096**	**8,478**	**998**	**69**	**–**	**–**	**11,641**
Charge for the period	621	2,718	400	80	–	1	3,820
Disposals	(5)	–	–	–	–	–	(5)
At 31 December 2020	**2,712**	**11,196**	**1,398**	**149**	**–**	**1**	**15,456**
Charge for the year	646	3,089	392	83	–	5	4,215
At 31 December 2021	**3,358**	**14,285**	**1,790**	**232**	**–**	**6**	**19,671**
Net book value							
At 31 December 2021	**4,054**	**11,217**	**773**	**116**	**1,975**	**6**	**18,141**
At 31 December 2020	3,171	10,213	663	165	756	11	14,979
At 30 June 2019	126	2,368	460	–	6,803	12	9,769

Assets under construction primarily comprise plant and machinery and leasehold improvements related to the Group's manufacturing facility.

9. Right-of-use assets

	Land and buildings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 July 2019	–	–	–
Initial recognition on adoption of IFRS 16	4,729	18	4,747
At 31 December 2020	**4,729**	**18**	**4,747**
Additions	–	43	43
Adjustment of lease term	(1,035)	–	(1,035)
Disposals	–	(18)	(18)
At 31 December 2021	**3,694**	**43**	**3,737**
Accumulated depreciation			
At 1 July 2019	–	–	–
Charge for the period	766	10	776
At 31 December 2020	**766**	**10**	**776**
Charge for the year	523	18	541
Disposals	–	(18)	(18)
At 31 December 2021	**1,289**	**10**	**1,299**
Net book value			
At 31 December 2021	**2,405**	**33**	**2,438**
At 31 December 2020	3,963	8	3,971
At 30 June 2019	–	–	–

During the year ended 31 December 2021, the Group revised the expected term on one of its property leases, recognising an adjustment of £1,035,000 to reduce the right of use asset, with a corresponding adjustment to the lease liability.

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 July 2019	**234**	**1,101**	–	–	**1,335**
Additions	177	3,323	–	295	3,795
At 31 December 2020	**411**	**4,424**	–	**295**	**5,130**
Additions	–	3,983	252	338	4,573
At 31 December 2021	**411**	**8,407**	**252**	**633**	**9,703**
Accumulated depreciation					
At 1 July 2019	–	**13**	–	–	**13**
Charge for the period	82	126	–	–	208
At 31 December 2020	**82**	**139**	–	–	**221**
Charge for the year	82	899	23	–	1,004
At 31 December 2021	**164**	**1,038**	**23**	–	**1,225**
Net book value					
At 31 December 2021	**247**	**7,369**	**229**	**633**	**8,478**
At 31 December 2020	329	4,285	–	295	4,909
At 30 June 2019	234	1,088	–	–	1,322

Capitalised intangible assets are amortised over their useful economic lives, as follows:

Capitalised development costs - 2 to 7 years

Capitalised patent costs - 3 to 10 years

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 2021 £'000	31 December 2020 £'000
Raw materials	1,299	1,016
Work in progress	969	838
Finished goods	877	253
Total inventory	**3,145**	**2,107**

12. Trade and other receivables

Current:	**31 December 2021 £'000**	31 December 2020 £'000
Trade receivables	2,612	3,328
Other receivables	2,253	2,242
	4,865	**5,570**
Non-current:		
Other receivables	741	741

13. Other current assets

Current:	**31 December 2021 £'000**	31 December 2020 £'000
Prepayments	673	648
Accrued interest income	322	129
Accrued grant income	138	225
	1,133	**1,002**

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

	31 December 2021 £'000	31 December 2020 £'000
Cash at bank and in hand	4,957	20,684
Money market funds	146,498	12,271
Cash and cash equivalents	**151,455**	**32,955**
Short-term investments (bank deposits > one month and less than 12 months)	93,129	69,231
Long-term investments	5,000	8,000
Cash and cash equivalents and investments	**249,584**	**110,186**

The Group's primary objective to manage credit risk from its holdings of cash, cash equivalents and investments is to minimise the risk of a loss of capital and eliminate loss of liquidity having a detrimental effect on the business. The Group places surplus funds of no more than £30m per institution into pooled money market funds with same-day access and of no more than £10m per institution for bank deposits with durations of up to 24 months. During the period the Group's treasury policy restricted investments in short-term 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 2021 £'000	31 December 2020 £'000
Current:		
Trade payables	2,425	1,752
Taxation and social security	–	713
Other payables	358	6,647
	2,783	**9,112**

At 31 December 2020, taxation and social security and other payables primarily comprised timing differences on payments relating to the exercise of certain share options in December 2020. These amounts were paid in January 2021

16. Other current liabilities

	31 December 2021 £'000	31 December 2020 £'000
Accruals	4,803	1,464
Deferred income	1,015	1,211
	5,818	**2,675**

Accruals have increased when compared with the prior period reflecting timing differences relating to invoices received for certain significant costs incurred during the second half of the year.

17. Lease liabilities

	£'000
Balance as at 1 July 2019	–
Leases recognised on the adoption of IFRS 16	4,971
Lease payments	(1,190)
Interest expense	664
Balance as at 31 December 2020	**4,445**
New finance leases recognised	41
Lease payments	(721)
Interest expense	316
Adjustment to lease term	(1,042)
Balance as at 31 December 2021	**3,039**
Current	754
Non-current	2,286
Balance as at 31 December 2021	**3,039**
Current	823
Non-current	3,622
Balance as at 31 December 2020	**4,445**

18. Provisions

	Property dilapidations	Warranties	Contract losses	Total
	£'000	£'000	£'000	£'000
Balance as at 1 January 2021	1,610	418	194	2,222
Movements in the Consolidated Statement of Profit and Loss:				
Amounts used	–	(404)	(175)	(579)
Unwinding of discount	64	–	–	64
Increase in provision	154	1,239	307	1,700
Balance as at 31 December 2021	**1,828**	**1,253**	**326**	**3,407**
Current	–	1,253	326	1,579
Non-current	1,828	–	–	1,828
Balance as at 31 December 2021	**1,828**	**1,253**	**326**	**3,407**
Current	–	418	194	612
Non-current	1,610	–	–	1,610
Balance as at 31 December 2020	**1,610**	**418**	**194**	**2,222**

19. Share capital

	31 December 2021		31 December 2020	
	Number of £0.10 ordinary shares	£'000	Number of £0.10 ordinary shares	£'000
Allotted and fully paid				
At 1 January 2021/1 July 2019	172,171,527	17,217	152,769,812	15,277
Allotted £0.10 Ordinary shares on exercise of employee share options	1,490,531	149	4,024,665	402
Allotted £0.10 Ordinary shares on cash placing	17,067,580	1,707	15,377,050	1,538
At 31 December	**190,729,638**	**19,073**	**172,171,527**	**17,217**

On 17 March 2021 the Group announced a fundraise that would allot 17,067,580 new ordinary shares of £0.10 each in the Company, for a total gross cash consideration of £180,916,340. In conjunction with the placing, 12,967,629 shares were allotted on 17 March 2021 which included Bosch and certain Directors of the Company subscribing for 3,649,150 and 24,376 shares respectively. On 19 May 2021 Weichai subscribed for and were allotted the remaining 4,099,951 shares.

During the year ended 31 December 2021, 1,490,531 ordinary £0.10 shares were allotted for cash consideration of £705,636 on the exercise of employee share options (18 months ended 31 December 2020: 4,024,665 ordinary £0.10 shares were allotted for cash consideration of £1,581,148).

20. Events after the reporting date

On 9 February 2022, the Group announced the intention to collaborate with Weichai and Bosch to access the substantial opportunities that exist for fuel cell technologies in the Chinese market. This is likely to include a three-way system collaboration (referred to externally as the “JV”) to be set up in Shandong province in China to develop and manufacture SOFC system products, with Weichai being the majority shareholder and Bosch and Ceres minority shareholders. Ceres is expected to take up a holding of 10%. Detailed non-binding Heads of Terms have been signed by all parties and full contracts are expected to be agreed in 2022.

On 8 March 2022, the Group announced that it had signed a multi-million pound, long-term agreement with Horiba Mira to be our fuel cell and electrolysis test partner and supplier of test stands.

21. Capital commitments

Capital expenditure that has been contracted for but has not been provided for in the financial statements amounts to £8,086,000 as at 31 December 2021 (31 December 2020: £1,142,000), in respect of the acquisition of property, plant and equipment, primarily related to the Group’s planned test stand expansion.

22. Related party transactions

As at 31 December 2021 the Group's related parties were its Directors. During the period one Director exercised and retained 8,491 share options under the Company's employee Sharesave scheme. There were no other transactions between the Company and the Directors during the period.

Non-GAAP Alternative Performance Measures – Calendar year results reconciliation to statutory IFRS results (unaudited)

The following tables set out the reconciliation between the Statutory IFRS Results (which the Group defines as comprising the Consolidated Statement of Profit and Loss and Other Comprehensive Income, and the Consolidated Cash flow statement) and the unaudited Calendar Year results (which the Group defines as comprising the Consolidated Statement of Profit and Loss - Calendar Year and the Pro-forma Consolidated Cash Flow Statement - Calendar Year).

The basis of preparation for the Group's Statutory IFRS Results is set out in note 1. The Calendar Year results have been determined as follows:

Calendar Year results for the 12 months ended 31 December 2021 (CY2021)

The CY2021 results exactly reflect the results for the 12 months ended 31 December 2021.

Calendar Year results for the 12 months ended 31 December 2020 (CY2020)

The CY2020 results for the 12 months ended 31 December 2020 have been derived from the Statutory IFRS Results for the 18 months ended 31 December 2020, less the results for the six months ended 31 December 2019 (as presented in the interim announcement dated 16 March 2020).

Reconciliation of the Consolidated Statement of Profit and Loss between the 18 months comparative period ending 31 December 2020 and the 12-month period ending 31 December 2020

	18 months ended 31 December 2020 Audited £'000	Less: 6 months ended 31 December 2019 Unaudited £'000	CY2020 12 months ended 31 December 2020 Unaudited £'000
Revenue	31,682	10,011	21,671
Cost of sales	(10,355)	(3,270)	(7,085)
Gross profit	**21,327**	**6,741**	**14,586**
Other operating income	1,305	1,029	276
Operating costs	(40,266)	(10,616)	(29,650)
Operating loss	**(17,634)**	**(2,846)**	**(14,788)**
Finance income	989	291	698
Finance expense	(664)	(230)	(434)
Loss before taxation	**(17,309)**	**(2,785)**	**(14,524)**
Taxation credit	2,493	1,140	1,353
Loss for the financial year	**(14,816)**	**(1,645)**	**(13,171)**
Adjusted EBITDA	**(11,368)**	**(1,413)**	**(9,955)**

Reconciliation of the Consolidated Cash Flow Statement between the 18 months comparative period ending 31 December 2020 and the 12-month period ending 31 December 2020

	18 months ended 31 December 2020 Audited £'000	Less: 6 months ended 31 December 2019 Unaudited £'000	CY2020 12 months ended 31 December 2020 Unaudited £'000
Loss before income tax	**(17,309)**	**(2,785)**	**(14,524)**
Non-cash adjustments	5,941	1,209	4,732
Movements in working capital	3,084	(1,991)	5,075
Income tax received	2,460	–	2,460
Net cash used in operating activities	**(5,824)**	**(3,567)**	**(2,257)**
Investing activities			
Purchase of property, plant and equipment	(9,256)	(2,600)	(6,656)
Capitalised development expenditure	(3,795)	(1,076)	(2,719)
Increase in long-term investments	(8,000)	–	(8,000)
Net (increase)/decrease in short-term investments	(5,531)	23,700	(29,231)
Finance income received	1,123	454	669
Net cash used in investing activities	**(25,459)**	**20,478**	**(45,937)**
Financing activities			
Proceeds from issuance of ordinary shares	50,851	602	50,249
Expenses from issuance of ordinary shares	(344)	–	(344)
Cash received on the sale of employee share options	7,490	–	7,490
Repayment of lease liabilities	(523)	(134)	(389)
Finance interest paid	(664)	(230)	(434)
Net cash generated from financing activities	**56,810**	**238**	**56,572**
Net increase in cash and cash equivalents	25,527	17,149	8,378
Exchange losses on cash and cash equivalents	(139)	(110)	(29)
Cash and cash equivalents at beginning of period	7,567	7,567	24,606
Cash and cash equivalents at end of period	**32,955**	**24,606**	**32,955**

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.

	12 months ended 31 Dec 2021	18 months ended 31 Dec 2020	12 months ended 31 Dec 2020 CY2020
	£'000	**£'000**	**£'000**
Operating loss	**(23,430)**	**(17,634)**	**(14,788)**
Depreciation and amortisation	5,760	4,804	3,811
Share-based payment charges	2,615	1,378	942
Unrealised (gains)/losses on forward contracts	(1,057)	(55)	52
Exchange (gains)/losses	(563)	139	30
Adjusted EBITDA	**(16,675)**	**(11,368)**	**(9,955)**

Reconciliation between net cash from operating activities and equity-free cash flow

The Group defines equity-free cash flow as net cash from operating activities plus capital expenditure and adjusted for interest payments and receipts and exchange rate movements. The table below reconciles net cash from operating activities to equity-free cash flow for each period.

	12 months ended 31 Dec 2021	18 months ended 31 Dec 2020	12 months ended 31 Dec 2020 CY2020
	£'000	**£'000**	**£'000**
Net cash from operating activities	**(20,342)**	**(5,824)**	**(2,257)**
Capital expenditure	(11,950)	(13,051)	(9,375)
Interest payments (net)	(283)	(64)	(154)
Exchange rate movements	563	(139)	(29)
Equity-free cash flow	**(32,012)**	**(19,078)**	**(11,815)**