

End-to-end  
hydrogen  
production and  
power solutions



Who we are

# Unlocking the low carbon hydrogen market

The global hydrogen economy has been held back by cost and infrastructure challenges. AFC Energy is poised to unlock these.

We offer an end-to-end hydrogen production and hydrogen-to-power solution – engineered to unlock the clean hydrogen market by meeting customers’ needs with scalable, reliable technology and products. AFC Energy is enabling customers to decarbonise at a price that is commercially viable without relying on government subsidies or incentives.



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Learn more about AFC Energy in our At a Glance section



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Discover how we have played our part in the FIA Extreme H World Cup



» Read the case study on page 12

Find out how we take responsibility in being a sustainable business



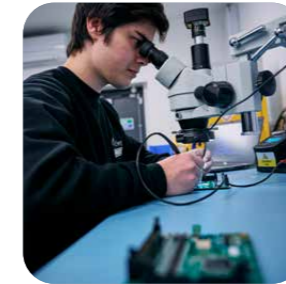
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...Towards a clean and sustainable future.

## Highlights – Commercial and Financial

A strategic reset and focus on delivering the commercial deployment of our proprietary technology and products and creating significant shareholder value.

Our core strategy is to be a technology enabler for the production of scaled, reliable supplies of clean hydrogen at a commercially viable price point, without government subsidies or incentives. We achieve this through our compact, decentralised, scalable, proprietary ammonia crackers and by providing low-and zero-emission off-grid power solutions with our fuel cell generators that are competitive with, and capable of displacing, diesel generators on a total cost of ownership basis.



### Financial

**£27.5m**  
(gross) funds raised

**£25.3m**  
cash, cash equivalents and short term investments at year end (FY24: £15.4m)

Cost reduction programme resulting in expected **c.£1.5m** annualised savings

### Commercial

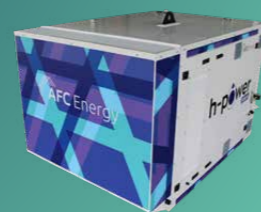
- Progress remains on track with accelerating the commercial viability and deployment of our ammonia cracker systems and fuel cell generators.
- Multiple fuel cell generator deployments through Speedy Hydrogen Solutions joint venture.
- Successful completion of first phase of Joint Development Agreement with S&P 500 partner. Discussions ongoing regarding commercial opportunities prior to commencing next phase.
- 2026 delivery on track for our next-generation LC30 30kW liquid-cooled fuel cell generators, supported by our manufacturing partner Volex Plc at c.85% lower production costs than our current air cooled product, a substantially smaller footprint and up to 20% increased efficiency.
- Launch of our first hydrogen production product – the Hy-5 ammonia cracker – capable of producing 500 kg/hydrogen per day, for delivery from 2026.
- Joint venture with Industrial Chemicals Group Limited to use AFC Energy’s proprietary, leading ammonia cracking technology to produce the lowest cost bulk hydrogen available to industrial customers in the UK, by the end of calendar year 2026<sup>1</sup>.
- Successful deployment of H-Power 200kW liquid-cooled fuel cell generator in extreme conditions at the FIA Extreme H World Cup in Qiddiya City, Saudi Arabia. Working in partnership with TAMGO, we generated c.17MWh of power from hydrogen (equivalent to powering c.120 homes).
- Significant focus on commercial viability, driving a streamlined business reorganisation with reduced headcount and footprint, and a clearer operational focus through the establishment of a Project Management Office and commercial function.
- Remain on track for 2026 to be a year of conversion of our growing pipeline of opportunities to contractual orders and the beginning of sustained revenue growth for our business.

<sup>1</sup> Subject to permitting

### Sustainability

**0.0**  
**Lost Time Injuries (LTIs) during financial year 2025** (FY24: 2 LTIs)

- Completion of surveillance audits for ISO 14001 (Environmental Management) and ISO 9001 (Quality Management) systems with no non-conformities.



LC30

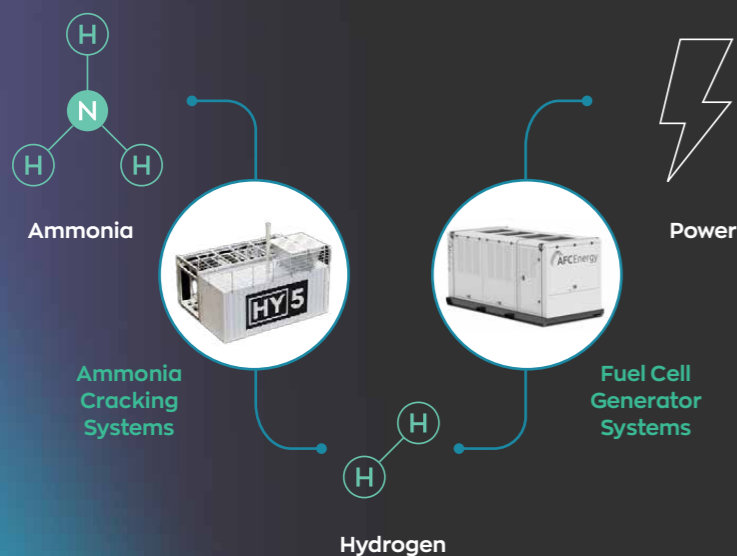


LC200

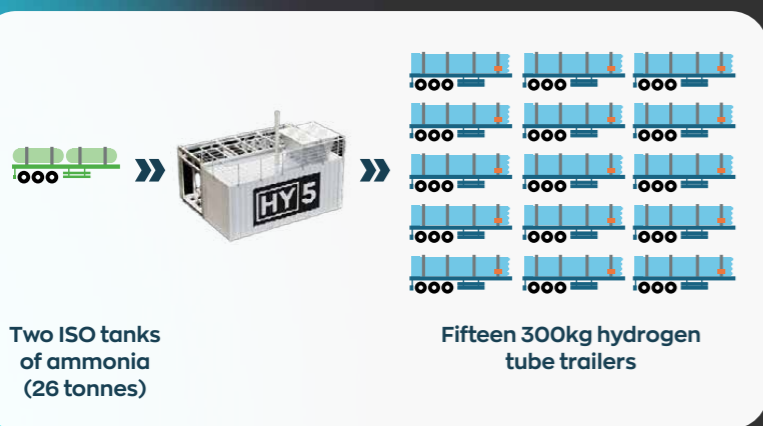
At a Glance

# Our Strategic Focus

The end-to-end solution – AFC Energy positioned to deliver and deploy our hydrogen production and hydrogen-to-power solutions at a commercially viable price point, without reliance on government subsidies or incentives, and create significant shareholder value.



Why do we think ammonia is the future?



**The AFC Energy/Hyamtec ammonia cracker technology unlocks access to low-cost, readily transportable hydrogen**



pick up the  
**pace**

and move  
**faster!**

### Our Technology

In response to market feedback, government policy headwinds, and global events over the last twelve months, we have repositioned our technology offering. Our two separate engineering teams, one developing fuel-cell based products and one developing the ammonia cracker technology, have been combined into one multi-disciplined team.

This has enabled us to move significantly faster and more efficiently by leveraging our experts across the technical function. We have also repositioned our strategy to focus on hydrogen production in the first instance. To expedite market acceptance of fuel cell products, we are focused on accelerating the development of our ammonia cracking technology into our first hydrogen production product, the Hy-5.

### Ammonia Cracking and the Hy-5

The Hy-5 ammonia cracker is a containerised hydrogen generation solution which is positioned as an alternative to a 1.2MW electrolyser. The Hy-5 produces up to 500kg of ISO 14687 Grade D hydrogen per day, fuelled by low-cost anhydrous ammonia. Building on the learnings from our pilot test site built in 2024, we have refined the architecture to deliver a higher throughput of hydrogen gas, all within a smaller containerised footprint. This has been enabled by our proprietary dual heat source ammonia cracker which also features enhanced efficiency.

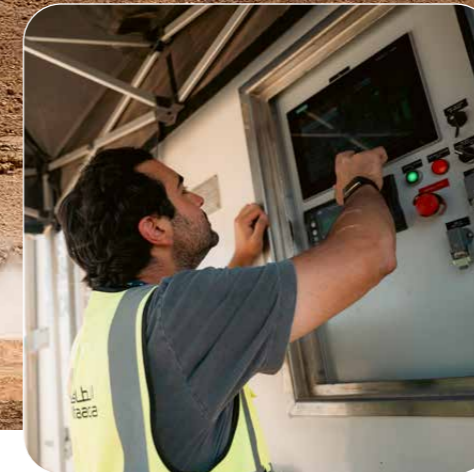
### Reduced Power Consumption

When the Hy-5 is run exclusively on electricity, the power consumption to generate a kilogram of hydrogen is less than 9.5kWh/kg. This is especially important when compared to alternative hydrogen generation sources such as low temperature electrolysers which consume typically 45 – 65kWh/kg, or even the higher temperature and more efficient electrolysers, such as Ceres Power’s SOEC system at 37.5kWh/kg. Our dual heat source technology and the ability of the cracker system to combust hydrogen allows us to decrease power consumption further.

## At a Glance continued



The unit operated flawlessly in searing heat (typically 40+ °C) providing electrical power to the race teams, car charging, engineering, lounges and communications pen with 100% reliability and availability.



The enhanced efficiency of our core cracker reactors has also been mapped into the design for our larger 4,000kg/day systems, simultaneously further building out our intellectual property portfolio. The developments of this product line with our S&P 500 industrial partner have been well received by our partner when compared to other cracker technologies offered by our competition. We have focused extensively on a design that can be scaled in output as well as manufactured at volume. This has enabled us to show compellingly low capital costs at scale, unlocking a modular building block solution. Our approach, design, skills and expertise help ensure that we are well positioned to fast-track ammonia cracking adoption by many industrial sectors and companies who cannot electrify and who will otherwise remain dependent upon conventional fuels.

### Integration with Combustion Engine

We have also had success with our ammonia cracker technology integrated with a typical four stroke combustion engine – successfully converting a typical four stroke diesel engine to run cleanly on ammonia in a lightly modified engine setup. The addition of the cracker to the engine enables clean burn ammonia combustion with minimal output emissions without having to redesign engines, pistons and emissions control systems. We have also successfully won a follow-on project (Project REACT) to further demonstrate this process on a larger scale, ultimately developing a conversion of a large format CHP Generator set for the marine and military sectors.

The same technology could also work on land-based vehicles such as 100 tonne mining trucks, excavators, ploughs and cranes where anything other than an energy dense conventional fuel would create too many compromises to either load capacity or operating duration.

### Using the Hydrogen – Fuel Cell Developments

During the past year our fuel cell technology development focus has been to significantly reduce cost, complexity and ensure manufacturing scalability. We now co-source components and stacks from vendors, which has allowed us to move skilled engineers over to support and accelerate the cracker development. This has also brought about economic savings by allowing us to benefit from already established production volumes for other markets. Previously, we had designed, procured, fabricated, built and tested our fuel cell stack technology exclusively in-house.

Our established 30kW air-cooled platform, currently forming the backbone of the systems deployed to the Speedy Hire joint venture, consists of twelve fuel cell modules, all with their own discrete control systems, pumps, fans and power systems. The modular architecture of the air cooled generator gives us increased redundancy should an individual module require maintenance. A slight drop in overall system power output (rather than a complete shutdown) is counter-balanced by the increased costs associated with individual modules. Our new liquid-cooled platform consists of a single stack with more commoditised balance of plant components. This has meant a significant cost saving (of up to 85%) over our air-cooled 30kW product as well as a 42% size and 50% weight reduction.

Our new 30kW fuel cell unit looks and behaves like a regular generator set – bringing familiarity to operatives on a construction site. It can be shipped around the globe in standard containers and can integrate with lower voltage batteries that are ubiquitous in the construction industry across the UK and EU. It is also designed to operate as part of the new micro-grid infrastructure concept, in that it works harmoniously alongside solar, wind, batteries and other renewable energy sources to only operate as and when required. For the first time, the liquid-cooled 30kW system (H-Power 30) will also be able to provide hot water, by tapping into the cooling system loops, water for local heating grids in temporary construction sites – further boosting fuel efficiency and lowering hydrogen consumption.

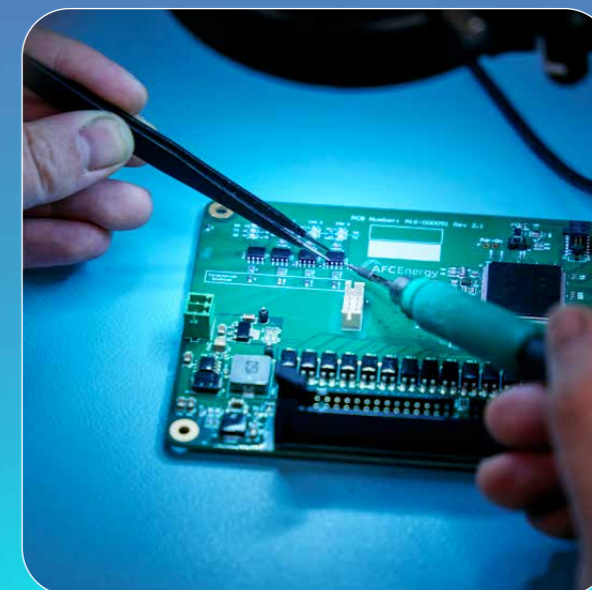
### FIA Extreme H World Cup, Saudi Arabia

The new 30kW solution is based on the same family as our H-Power 200kW system which was successfully operated in the October 2025 FIA Extreme H World Cup in Qiddiya, Riyadh. The unit operated flawlessly in searing heat (typically 40+ °C) providing electrical power to the race teams, car charging, engineering and the communications pen, all with 100% reliability and availability. Whilst operating, the system achieved a hydrogen consumption figure vs. delivered power ratio of 0.068kg of hydrogen per kWh delivered. This is the lowest ratio that has been achieved using any AFC Energy product to date and is also lower than other fuel cell systems where published efficiency figures exist.

Investment Case

# Why Invest in AFC Energy?

We have the core technology to enable the hydrogen economy, without the need for government subsidy. Commercial rollout of our products and conversion of our growing opportunity pipeline into contracted orders looks to create significant shareholder value and sustained revenue growth.



## 1

### Disruptive technology and economics

- Our proprietary, decentralised compact ammonia cracker systems enable modular, scalable, point of use, low carbon hydrogen production at commercially viable prices, without reliance on government subsidies.
- From mid-2026, we are targeting the provision of hydrogen as a service, with an offer to customers of low carbon hydrogen at £10/kg – making us one of the most cost competitive low carbon hydrogen suppliers in the UK.
- AFC Energy’s ammonia cracker systems use roughly one sixth of the power per kg of hydrogen produced, compared with typical alkaline or PEM electrolyzers, directly addressing the UK and Europe’s high electricity cost challenge.

**£10/kg**

*offer to customers of low carbon hydrogen*

## 2

### Infrastructure and capex light, scalable deployments

- Our containerised, portable ammonia crackers avoid the need for costly new renewables build out, major grid connections or large scale hydrogen pipelines and storage.
- On-site hydrogen production with minimal civil works enables rapid deployment at customer locations across a broad range of application markets that include hard-to-abate industrial sites, refuelling stations, ports and blending points.
- Modular, low capex design of AFC Energy’s ammonia crackers supports incremental scaling of hydrogen supply in line with demand rather than requiring mega project FIDs.

**90%**

*savings compared to hydrogen commercially available*

## 3

### Strong validation, partnerships and market access

- Our ammonia cracker technology was selected by a global S&P 500 industrial partner for the joint development of a four tonne/day ammonia cracker system, after extensive technical, IP, manufacturability and economics due diligence against multiple competitors.
- Joint ventures with Speedy Hire and Industrial Chemicals Limited provide an efficient route to market for the Company’s fuel cell generators and hydrogen, including low cost hydrogen production on ICL sites from imported ammonia, which is scheduled to start from mid-2026 (subject to permitting).
- AFC Energy is actively building supply chain access to large volumes of low carbon ammonia from NEOM, Middle East, US Gulf Coast and Australia, aligning with major export projects from 2027-2030.



AFC Energy

# Meeting the Challenge

Against the backdrop of a green hydrogen sector that to date has been characterised by widespread hype, yet has fallen short of commercial and customer expectations, AFC Energy stands out by advancing a practical and differentiated approach.

Recognising the sector's ongoing struggle to deliver affordable, large-scale clean hydrogen, AFC Energy is leveraging its innovative decentralised compact ammonia cracking technology to carve out a clear leadership position. This technology, developed and demonstrated over several years, underpins a model for producing clean hydrogen at a commercially viable price point – without reliance on government subsidies, incentives, or taxpayer support. Alongside, AFC Energy is delivering low- and zero-emission off-grid power solutions with our fuel cell generators, which are competitive with and can displace diesel generators on a total cost of ownership basis. AFC Energy's solution is engineered to unlock the clean hydrogen market by meeting real customer needs with scalable, reliable technology and systems that enable end users to decarbonise at a price that is commercially viable.

## Decentralised ammonia cracker systems – a technology whose time has come

AFC Energy has spent the past several years rigorously developing compact, decentralised ammonia cracker technology, driven by the vision of transforming the hydrogen supply chain through flexibility, efficiency, and commercial viability. Guided by our Chief Technology Officer Dr. Mike Rendall, the Company has developed, and is productising, a series of modular, containerised and skid-mounted ammonia cracker systems specifically designed to

supply clean hydrogen on-site at customer locations.

This technology enables liquid ammonia – an efficient, globally traded hydrogen carrier – to be safely transported by road or rail, stored at the customer's facility, and converted into high-purity hydrogen as needed. Containerised and scalable, AFC Energy's crackers allow customers to trial a unit before scaling up to meet larger demand, supporting the gradual, practical replacement of fossil fuels and helping industry meet ambitious decarbonisation goals.

The effectiveness of this approach has already been validated through demonstration operations at Dunsfold, Surrey, UK, where AFC Energy successfully commissioned a unit yielding up to 400kg of hydrogen per day. Thanks to integrated purification systems, the resulting hydrogen aligns with the stringent ISO 14687 standard, making it suitable for a wide array of industrial and fuel cell applications.

Building on this technical foundation, AFC Energy is actively pushing towards commercial deployment. The Company's recently announced Hy-5 ammonia cracker product, capable of producing 500kg of hydrogen per day, offers customers a "plug-and-play" option delivered under a "fuel as a service" contract – providing affordable, reliable hydrogen supply directly at the point of need, irrespective of government subsidies or broader infrastructure constraints. Industry leaders have also recognised the potential: a global S&P 500 industrial

partner is collaborating with AFC Energy in a joint development agreement to engineer a next-generation cracker designed to deliver up to four tonnes of hydrogen per day. Third-party due diligence from this partner has confirmed AFC Energy's technology leadership and commercial readiness, setting the stage for rapid scaling and widespread industrial adoption.

At its core, AFC Energy's decentralised ammonia to hydrogen cracker solution bypasses the supply chain bottlenecks, capital expenditure burdens, and lengthy infrastructure development timelines associated with traditional hydrogen supply via electrolysis. With several years of proven technology development, successful demonstration, and now productisation, AFC Energy is positioning itself to unlock new opportunities for low-carbon hydrogen, driving industrial transformation for a cleaner and more energy-resilient future.

## Making the economics work: importing ammonia from low-cost production centres

AFC Energy recognises that the exceptionally high industrial electricity prices in the UK and Europe have made clean hydrogen production largely uneconomical – especially at any significant scale, resulting in minimal green hydrogen supply and near-prohibitively expensive output. Rather than focusing solely on 'domestically made' hydrogen, AFC Energy

proposes a pragmatic solution: import low carbon ammonia from countries ideally suited for large-scale, cost-effective production.

By deploying our proprietary ammonia cracker systems on customer sites, AFC Energy will enable the generation of competitively priced hydrogen – fully independent of government subsidies – delivering a commercially viable pathway for clean hydrogen adoption across UK and Europe, as well as markets further afield.

## A wealth of other benefits of ammonia crackers

Deploying AFC Energy's compact, decentralised ammonia cracker systems offers several compelling advantages over hydrogen production from electrolyzers in the UK and Europe, especially given the extremely high industrial power prices in these regions. AFC Energy's ammonia crackers, with their proprietary, high-efficiency design, require less than 9.5kWh of electricity per kilogram of hydrogen produced, dramatically lower than the 45–65kWh/kg typically consumed by PEM or alkaline electrolyzers.

These plug-and-play systems can be installed directly at the customer's site, removing the need for expensive and slow-to-develop hydrogen pipeline infrastructure.

Their small footprint and minimal civil works requirements further accelerate deployment and reduce up-front costs. Unlike electrolyzers, ammonia crackers do not rely on dedicated renewable energy sources, nor do they require water supplies—both of which can be highly costly, time intensive and logistically complex due to land acquisition, permitting, and grid connections. On-site ammonia cracking streamlines the supply chain by eliminating the need to transport hydrogen from centralised plants, providing customers with a rapid, flexible, and economical route to clean hydrogen whenever and wherever they need it.

## Favourable Hy-5 economics

Today, and for the foreseeable future in the UK and in many parts of Europe, selling low-carbon hydrogen at a price to the customer of £10/kg is expected to be a highly competitive, if not the most competitive, price in the market, on a delivered to the customer basis.

## What is the average cost of hydrogen today in the UK?

Let's first examine the cost of making hydrogen from electrolysis:

- (i) **Very high electricity costs:** High power costs in the UK and northern Europe mean hydrogen

produced by electrolyser is very expensive – in the UK, the cost of electricity alone (assuming 26p/kWh and an electrolysis operating efficiency of 60kWh/kg) is expected to translate to a cost of £15/kg.

- (ii) **Additional costs:** To arrive at a levelised cost of hydrogen (on an all-in per kg basis), producers need to add water, the electrolyser capex, compression, hydrogen logistics – delivery to a customer site, site opex and a producer margin. All-in, the delivered cost of hydrogen from electrolysis in the UK can typically range from upwards of £40/kg.

For AFC Energy, the largest cost of producing hydrogen is the cost of ammonia, an abundant chemical commodity. Additional production related costs are minimal, including power, fuel logistics, general consumables, maintenance and capex repayment.

Another advantage is that AFC Energy's ammonia crackers are designed to be located On-site, meaning no transport of gaseous hydrogen is necessary, significantly reducing logistics related costs and overhead.



## Case Study

# FIA Extreme H World Cup

In partnership with TAMGO – The Machinery Group LLC, we are proud to have been part of the FIA Extreme H World Cup in Qiddiya City, Saudi Arabia.

During the event, our H-Power systems generated a total of c.17MWh of power for the races. The 200kW generator achieved a hydrogen consumption figure vs. delivered power of 0.068kg of hydrogen per kWh delivered – the lowest achieved using any AFC Energy product to date and lower than other published fuel cell systems efficiency figures.

The hugely successful event was a major milestone for AFC Energy and our partner, TAMGO, exclusive distributor of our H-Power fuel cell generator systems across Saudi Arabia and a wide region spanning the Middle East, Africa, and Central Asia.

The Extreme H World Cup is more than a race; it's proof of concept for the global energy transition.

We are setting a new benchmark for sustainable event operations.



<https://www.fiaextremeh.com/>



## Strategic Report

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## Chairman's Statement

# This year has been one of significant positive change for AFC Energy

Building on the progress of previous years, the Company has taken decisive action to reposition itself for scalable commercial success to accelerate the creation of significant shareholder value.



I am proud to say that the Board is fully aligned with the executive leadership in both recognising the need for strategic change and supporting its rapid implementation.

**Gary Bullard**  
Chairman

In what has remained a challenging external environment, the Company has made great strides and is well positioned for the future.

We also welcomed a refreshed executive team early in the financial year. The appointments of John Wilson as Chief Executive Officer and Karl Bostock as Chief Financial Officer marked a critical turning point for the business. Under their stewardship, the Company has been restructured with a clear focus on execution, cost efficiency, and the creation of significant shareholder value. The progress made since their appointments

reflects not only strong strategic and operational leadership, but a renewed cultural energy across the business, ensuring AFC Energy is well positioned to meet its ambitions. The strategic reset has addressed key realities in our sector, namely the high cost of capital, policy uncertainty, and a market that increasingly demands economically viable clean energy solutions. AFC Energy's sharpened focus on cost competitiveness, product simplification, and meaningful commercial partnerships is a necessary evolution and has already begun to deliver encouraging results.

The successful execution of our oversubscribed £27.5m (gross) fundraising in July 2025 was a further vote of confidence in the evolution of the business, supported by both new and existing shareholders. On behalf of the Board, I would like to extend our sincere thanks to all shareholders who participated. This capital is enabling the business to invest with purpose in cost-down initiatives, strategic hires, and the infrastructure necessary to accelerate the commercial development of both our fuel cell and ammonia cracking products.

Crucially, the business is not only developing advanced technology, but it is also now bringing that technology to market in defined commercial fuel cell and ammonia cracker products. The evolution of our go-to-market strategy, exemplified through the Speedy Hire joint venture, is allowing us to validate our proposition in live environments. The response from end-users to our diesel-equivalent pricing and low-emission profile has been encouraging and signals a maturing commercial platform.

Beyond the UK, our engagement with global supply chain partners such as Volex Plc positions us to scale efficiently as demand increases. This aligns with a broader industry shift: hydrogen technologies at a commercially viable price point are now forming part of near-term procurement decisions across construction, infrastructure and logistics.

From a macro perspective, the global hydrogen economy is entering a new phase. Governments and industry stakeholders around the world are pushing forward with commercial-scale green hydrogen and ammonia projects. Ammonia is fast becoming the carrier of choice for transporting hydrogen due to its lower cost, scalability, and ability to utilise existing infrastructure. As an early advocate of this model, we are already seeing that belief rewarded through progress at our joint venture with ICL on Teesside.



Our early investment in ammonia-based systems not only differentiates our technology but also solves some of the hardest problems in the hydrogen value chain. It gives us the ability to decouple clean hydrogen supply from traditional infrastructure constraints, which is essential for us to enable widespread off-grid power applications.

Internally, the business has also matured. The restructuring carried out during the year has created a leaner, more agile, and more focused organisation. Strategic new hires have brought added capability in commercial and operational roles, and we have instilled a culture of delivery that will support the next stage of growth. Cost efficiency measures and operational discipline introduced this year are expected to deliver c.£1.5m in annualised savings, extending our cash runway while improving focus.

While these strategic and operational developments are crucial, the resilience and determination of our team deserves recognition. The pace of change in the business over the past twelve months has been significant, and our team has met this challenge with professionalism and conviction. On behalf of the Board, I would like to extend heartfelt thanks to every member of the AFC Energy team. Their dedication continues to be the bedrock of our success.

I would also like to reiterate our gratitude to our shareholders for their continued support and belief in our vision. The success of this year's fundraising has allowed us to move forward with confidence and clarity. We remain committed to open and transparent engagement, and we understand the responsibility we carry to convert your investment into long-term, sustainable value.

Looking ahead to 2026, we do so with strong momentum and increasing confidence in our sector. AFC Energy is now well placed to play a central role in enabling the global transition to zero-emission power. With cost-competitive products, validated routes to market, and a strengthened leadership team, the Company has the right foundations for scalable growth and the creation of significant shareholder value.

The use of hydrogen as the green fuel of the future is a reality, and with ammonia an enabler, and innovation at our core, AFC Energy is ready to lead and successfully deliver on its ambitions.

**Gary Bullard**  
Chairman

24 February 2026

## Chief Executive's Statement

# Focus on resetting the Company's strategy and delivering on it



Our business is blessed with an incredibly talented team that has developed, and continues to develop, world-class technology.

**John Wilson**  
Chief Executive Officer

Dear Shareholders,

In January 2025, I was appointed Chief Executive Officer of AFC Energy, with Karl Bostock joining as Chief Financial Officer. This report covers progress from that date.

Since appointment my focus has been on resetting the Company's strategy and delivering on it. We now live in a world where the cost of capital is high and both micro and macro uncertainty preclude willingness to invest. This, coupled with challenges in the global sector, necessitated a change of direction and pace.

Our business was on the cusp of commercialisation, but at a price point that the market was unwilling to bear, with product complexity that would not enable economies of scale to drive commercial viability. This needed to change.

While regulatory tailwinds support our sector in the medium term, a lack of long term government policy clarity, dilution of policy commitments and unwillingness to pay substantially more for "green," provided a clear steer of both the challenge and opportunity available to us.

We need to build a business in which the "noise" of policy is secondary to our value proposition. Our business is blessed with an incredibly talented team that has developed, and continues to develop, world-class technology. The task at hand is to harness this creativity to create value, which is now our approach: Establish a product suite and offering that drives commercial viability without government subsidy.

With our go-to-market strategy for our fuel cell generators well defined in the UK through our joint venture (JV) with Speedy Hire, we undertook a comprehensive analysis to

determine total cost of ownership of diesel generators, servicing and fuel cost over their economic life. In doing so, we confirmed very clear price points that we needed to attain to meet our goals. What followed was an 85% cost reduction from the 20-unit volume build the business undertook to satisfy the JV demand. In conjunction, we announced the launch of our first hydrogen production product – the Hy-5 ammonia cracker – under a fuel as a service model which will first be delivered at the back end of calendar year 2026, supported by Environment Agency approval for commercial use of hydrogen produced in Dunsfold to power our Speedy Hydrogen Solutions fuel cell generators. These products will enable us to be highly competitive with incumbent technology with respect to price.

### 1) Provide balance sheet strength to finance the Company's short-term goals

In July we announced an oversubscribed fundraise from both institutional and private investors. The c.£27.5m (gross) fundraise was a clear mandate to deliver the strategy. Through the process we have welcomed several new institutions to our business as shareholders.

### 2) Laser focus on costs and building Company infrastructure to deliver

Post fundraise, and following a strategic cost and business structure review, we have taken several steps to drive down costs:

- Reduction of the Company's footprint, including the closure of our German facility in Stade, resulting in a £250,000 annual saving and the release of a significant bond guarantee to our balance sheet.
- Realigning the headcount of the business to our new business strategy. This has resulted in a c.20% reduction in headcount as we seek to benefit from outsourcing manufacturing in the medium term.
- Reduction of the number of advisors.

These actions are expected to deliver c.£1.5m of annualised savings. In addition, we have restructured the business: pooling the engineering talent as opposed to a divisional split, strengthened the Executive team through the

addition of a Programme Director, Chief Strategy Officer (CSO) and Chief Commercial Officer (CCO), and introducing a more coherent, and cohesive organisational structure that focuses on delivery and execution.

### 3) Deliver proof points, technology validation and supply chains

Throughout the year, we delivered key proof points that served to provide peer validation of our technology and potential for market adoption, including validation of our cracker technology by a S&P 500 partner and, post-FY25, Komatsu, in the form of our recently announced joint development agreement. Our partnership with Volex Plc gives us potential access to manufacturing across multiple geographies served by 27 factories, and access to a substantial global supply chain that will support further reduction in generator costs with economies of scale.

Our joint venture with ICL continues at pace as we relocate our pilot cracker from Dunsfold, Surrey, to Port Clarence, Teesside, to generate the UK's first commercially available hydrogen from cracked ammonia. We have also worked to establish the supply chain for green ammonia to support this. Following line of sight on costings of our new LC30 generators, in conjunction with confidence of Hy-5 delivery, we offered "tomorrow's price today" to Speedy Hire's end customers: that of diesel equivalence. This action served to unlock the market with a pipeline quickly building from multiple end users. Deployments have begun in earnest across numerous use cases: from recharging of electrical excavators to powering welfare stations. The lessons learned from these deployments are essential to continue to build the business model for geographical expansion.

We successfully concluded our Red Diesel Replacement (RDR) grant programme, showcasing our 200kW hydrogen fuel cell generator powering a 1.6km conveyor, and 30kW system, as part of a Lower Thames Crossing project. This generated £2.2m of grant income (cash receipts) and demonstrated the resilience of our liquid-cooled platform to be utilised in our next generation of products.

The same generator ran faultlessly in Saudi Arabia providing power for almost two weeks to the FIA Extreme H event.

### 4) Rebrand and building a commercial function to deliver

We have undertaken a rebranding exercise and website overhaul to better reflect the evolved business and strategy. This serves to provide greater clarity to both the investment community and to current and potential customers of our value proposition, and product offerings.

At the start of my tenure, our commercial team consisted of one commercial director. We have begun to put in place the building blocks of a high quality commercial function capable of delivering our ambitions. The appointments of a Chief Strategy Officer, to focus on demand creation, in conjunction with a Chief Commercial Officer to close opportunities developed, are central to this.

2026 will be a year of go-to-market and channel development, with a focus on customer demand creation and geographic expansion from our newly created commercial function. 2026 will also see new product availability with our LC30 fuel cell generators and Hy-5 units, which will help to drive the conversion of our growing pipeline of opportunities to contractual orders and the beginning of sustained revenue growth for our business.

The resilience and expertise of our team members has been critical to the progress made this year to shift significantly the strategic and operational focus of the business. I extend my sincerest thanks for their support and dedication since I joined our business, and their belief in our strategy and ability to deliver.

In a sector mostly reliant on government subsidy for commercial viability, we stand out from the crowd. Our ability to produce hydrogen from ammonia, at a price point unmatched in the UK, is key to creating significant shareholder value. We look forward to the future with optimism.

**John Wilson**  
Chief Executive Officer

24 February 2026

## Strategy in Action

After a successful fundraise in July 2025 and an internal restructuring to ensure laser-like focus on delivery of AFC Energy's product suite, we now have the right highly experienced and dynamic commercial team to drive growth.

This team will continue to seize the significant market opportunities for our differentiated and commercially compelling portfolio of hydrogen production and hydrogen-to-power solutions and convert these to contractual orders and sustained revenue growth.

### Building a high-quality commercial team

AFC Energy is creating a first-class commercial function with three primary goals. First, to create and implement a comprehensive commercial strategy, encompassing a forensic analysis of key application markets and market participants relevant to the Company's products. Second, to engage priority potential customers to accelerate near-term product deployments, communicating our compelling value proposition and capability to deliver scalable hydrogen and ammonia power solutions that enable efficient, reliable decarbonisation at market-competitive prices – independent of government subsidies. Third, the commercial team is highly focused on creating significant value for shareholders by building a near-term contractual order book of sales and hydrogen as a service deployments in addition to partnerships with companies across the ammonia value chain.

The appointment of a Chief Commercial Officer and a Chief Strategy Officer and potential further additions to the team, give the Company a breadth

of capability in building value-creative partnerships and sales opportunities across targeted geographies

### Spearheading market engagement across targeted application markets

Building an order book of commercial deployments of ammonia crackers and ammonia-to-power solutions is a key focus for the next twelve months for AFC Energy's leadership and commercial teams.

With its range of decentralised ammonia cracker systems and fuel cell generators, the application markets that AFC Energy's products address are broad and the geographical markets are global.

AFC Energy's decentralised ammonia crackers have the potential to unlock substantial revenue growth opportunities across a broad spectrum of addressable markets by enabling on-site, modular hydrogen production across energy, industrial, and transport applications. Their ability to deliver clean hydrogen exactly where and when it is needed has strong potential

to drive rapid adoption across multiple sectors. These highly flexible and scalable systems are ideally positioned to accelerate the transition to a resilient, low-carbon energy future by overcoming the limitations and inefficiencies of centralised hydrogen delivery. Such an approach will enable a broad range of industries meet their decarbonisation goals.

### Proactively creating market awareness and visibility

Through multiple initiatives, AFC Energy is now proactively optimising the profile and strategic positioning of its compelling commercial value proposition across its key markets and engagement strategies with key stakeholders, to deliver new business opportunities and revenue generation with potential customers and value chain partners.

AFC Energy is playing an increasingly proactive role in key industry associations including the Hydrogen Council, Hydrogen UK, Hydrogen Europe, and the Ammonia Energy Association (a global ammonia industry body) to amplify further the Company's value proposition across the sector.



The total addressable market for Hy-5 units by 2030 is estimated to be the equivalent of 657,000 units based on a 140 million tonnes forecast total demand for hydrogen.

AFC Energy is also showcasing its solutions and unlocking new business opportunities at leading industry conferences, exhibitions, and events.

AFC Energy is working with Beyond2050 to engage with key UK government and public policy audiences to inform and shape emerging policy on ammonia as a highly versatile energy carrier and – through ammonia cracking – a scalable source of affordable low-carbon hydrogen for industry, transport and power applications.

In October 2025, AFC Energy and Beyond2050 co-founded the UK Ammonia Alliance, with AFC Energy's CTO, Dr. Mike Rendall taking the role as inaugural Chair. Together with its eleven other founding members, the UK Ammonia Alliance champions the use of ammonia in the UK and acts as a conduit to commercial opportunities and partnerships with companies across the ammonia value chain.

Strategy in Action continued

## Markets for AFC Energy



»» **500kg of hydrogen per day Hy-5 ammonia cracker system**

**Our Hy-5 ammonia cracker addresses multiple high-value application segments, including:**

- Provision of ammonia cracker systems – either as capital equipment sales or as a hydrogen as a service solution – to **industrial gas companies**, as exemplified by AFC Energy's 50:50 joint venture with ICL.
- Deployment of ammonia crackers to supply low-carbon hydrogen for **industrial combustion applications**, such as substituting hydrogen for propane in asphalt production processes.
- Integration into **hydrogen refuelling station networks** to support transport sector decarbonisation.
- Demonstration units designed for deployment within **hard-to-abate industrial sectors**, illustrating the versatility and impact potential of the technology.



»» **Four tonnes of hydrogen per day ammonia crackers**

**AFC Energy's four tonne/day ammonia cracker system is positioned for larger-scale hydrogen applications diversified across critical industrial and energy markets, including:**

- Supplying low-carbon hydrogen to **hard-to-abate industrial sectors** such as petrochemical refining, steel, cement, chemicals, glass, and ceramics.
- Enabling **port-side, industrial-scale ammonia cracking with direct integration into hydrogen pipeline infrastructure** as market readiness evolves.
- Delivering hydrogen for **gas grid blending** strategies to reduce carbon intensity across distributed energy networks.
- Enabling hydrogen production for **sustainable aviation fuel (SAF) and marine fuel** manufacturing, contributing to the transition of transport and shipping sectors.

Strategy in Action continued

# Markets for AFC Energy



## Ammonia crackers and fuel cell generators

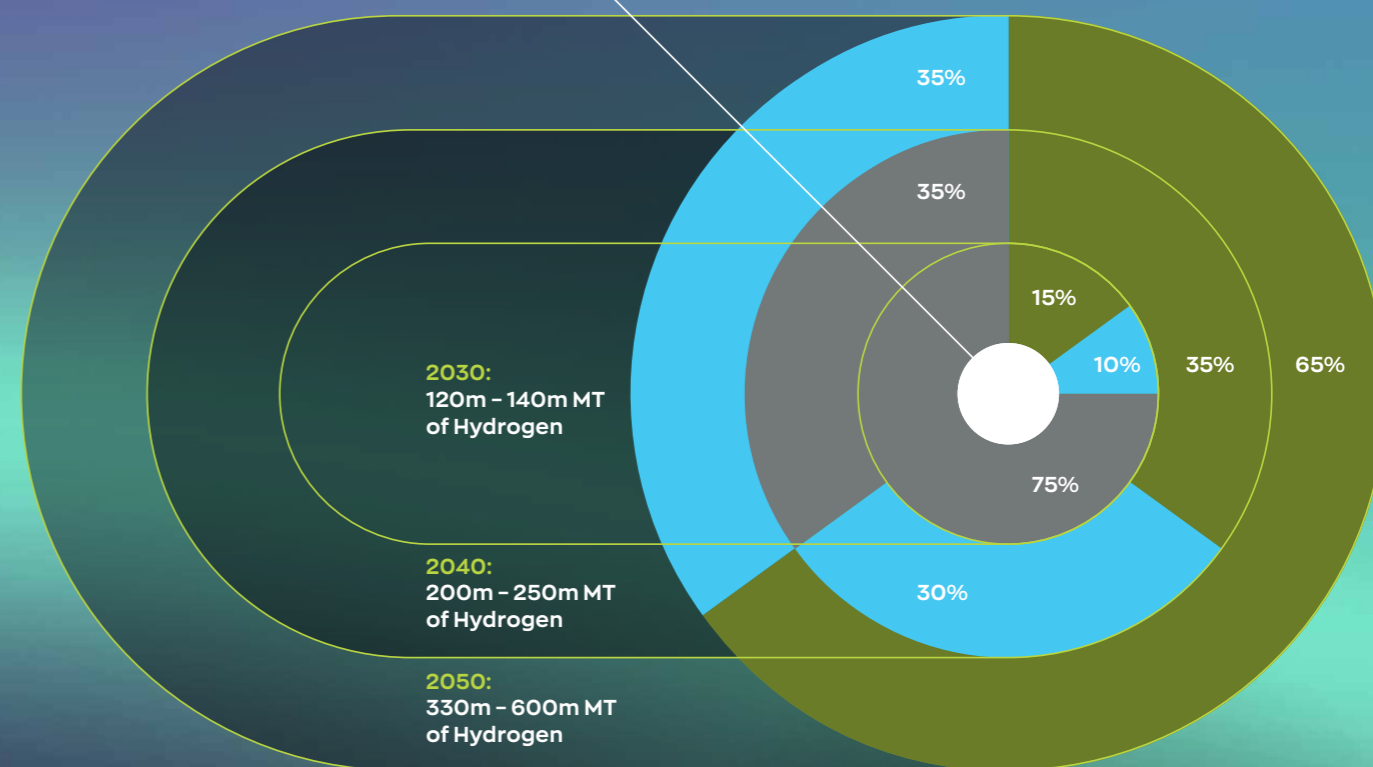
AFC Energy's integrated ammonia-to-power solutions, combining the Company's ammonia cracker systems and fuel cell generators are tailored for multiple commercial segments, including:

- Supplying cost-effective hydrogen to **fuel cell generators**, as a low-carbon alternative to diesel gensets, supporting equipment rental operators as exemplified by the **Speedy Hydrogen Solutions JV** in the UK.
- Enabling **industrial and construction enterprises** to operate and maintain their own fuel cell generator fleets, powered by affordable hydrogen, driving operational sustainability.
- Re-charging **electric non-road mobile machinery (NRMM)** – such as excavators, bulldozers, backhoe loaders, forklifts, and telehandlers – through hydrogen supplied to fuel cell generators, enhancing fleet electrification strategies.
- Providing hydrogen-driven solutions for **electric vehicle charging infrastructure** targeting buses and trucks, contributing to transport sector decarbonisation.
- Delivering resilient **backup power for datacentres**, leveraging the reliability of hydrogen fuel cell technologies to support mission-critical operations.

### Size of the addressable market

Globally, the latest projections for hydrogen demand to 2050 from the International Energy Agency (IEA)

## 99 million tonnes (MT) of Hydrogen in 2024:



The total addressable market for Hy-5 units by 2030 is estimated to be the equivalent of 657,000 units based on a 140 million tonnes forecast total demand for hydrogen. The global diesel generator market is estimated to be worth US\$18bn annually. Of this US\$6.5bn is in the up to 50kVA segment (used as a proxy for AFC Energy's 30kW fuel cell system). Within UK, Europe and MENA (serviced by AFC Energy distribution partner TAMGO), there is an estimated 280,000 unit addressable market).

- Green hydrogen
- Blue hydrogen
- Grey hydrogen

## Financial Review

## Fulfilling our business ambition



As highlighted in the CEO Report, the business has undergone a commercial pivot in its drive to create value from the technology created by our talented employees.

**Karl Bostock**  
Chief Financial Officer

This report presents the impact of these changes on the FY25 financial statements:

### Results for the Year

#### 1. Establish a product suite and offering that drives commercial viability without government subsidy

The business is fulfilling this ambition with the launch of two products.

**Proving the concept (Fuel Cells)** – The work undertaken as part of the RDR grant paved the way for the concept of the new lower cost fuel cell generator (LC30). This project proved that we could take technology and harness its strengths to provide a like-for-like solution as the current generators (AR2) but at a highly reduced cost. In the year, total costs (including labour) of £2.3m were incurred on this project of which £2.1m was capitalised under IAS 38. Cash inflows relating to government grants totalled £2.2m during the year, all of which have been deferred (recognised as other creditors) which will be amortised over the life of the development asset (three years).

In addition to the expenditure above, we incurred costs of £17k supporting the deployment of our 200kW hydrogen generator (which contains the

same technology as the new lower cost 30kw hydrogen generator) supporting the Extreme H World Cup in Qiddiya. As detailed further on pages 7 and 12, the fuel cell performed perfectly in the Saudi Arabian desert, operating in some of the harshest environmental conditions on the planet. Sales revenues of £15k were recognised for this support.

**Testing (Hy-5)** – As part of the development of the Hy-5, the business is constantly seeking to improve the efficiency and durability of its cracker technology. During the year the total cash impact of these projects amount to £967k.

**Developing the product** – The FY25 cost of the development for the two products are as follows:

Project	Committed Spend (yet to be incurred / spent) £'000s	Cost in FY25 £'000s	Total £'000s
30kW Fuel Cell	586	559	1,145
Hy-5	627	712	1,339
	<b>1,213</b>	<b>1,271</b>	<b>2,484</b>

**Accounting for the current technology** – As part of the strategic review, the business made the decision not to manufacture any further AR2 units (the model sold to the Speedy Hire Joint Venture) on the grounds that they were too expensive and the new model is set to be significantly cheaper. An outcome of this decision is that all inventory held of both finished goods and raw materials of the AR2 were written down to £nil at 31 October 2025. The total impact of this decision was £2.6m which is included within operating costs within the financial statements.

In addition to inventory relating to the AR2 unit, the Directors also reviewed the recoverability of the debtor for the 15 remaining AR2 units which remain outstanding for payment from Speedy Hydrogen Services Limited (SHS). To accelerate the transition from diesel generators to hydrogen fuel cells we want to give the joint venture the lowest cost possible for the best available technology. For this reason, we have provided for the debt of £2.8m owed by Speedy Hydrogen Solutions to AFC Energy on the assumption that the joint venture will transition to the new technology.

#### 2. Provide balance sheet strength to finance the Company's short-term goals

During July and August 2025, the business raised £27.5m (gross) via a fundraise, issuing new equity at 10p per share. This fundraise was oversubscribed and included new institutional investors capable of supporting future developments.

The cost of the fundraise was £1.7m (£1.4m in commissions and £0.3m in legal and corporate finance costs) resulting in net proceeds of £25.8m. The funds will be used to deliver the two product lines listed above.

#### 3. Laser focus on costs and building Company infrastructure to deliver

The business has carried out a review of all costs which included the cost of employing our talented team. Due to the change in strategy the business needs different skills today and sadly the business had to part ways with 17 colleagues, and we redeployed a further four during October 2025 at a total cost of £276k. This cost is in addition to the rationalisation programme which concluded in November 2024 which cost a total of £262k. A summary of savings is as follows:

Project	Total Cost in FY25 £'000s	Cost to Execute in FY25 £'000s	Annual Run Rate Savings £'000s	Total cost in FY26 £'000s
Stade (Germany) Facility (excluding provision release)	606	327	279	-
Reduced footprint of UK facility (exited in January 2026)	225	-	225	56
People cost (October 2025 redundancy programme)	1,206	276	930	-
Broker rationalisation	75	-	75	-
	<b>2,112</b>	<b>603</b>	<b>1,509</b>	<b>56</b>

In the CEO Report, John Wilson reports on the pooling of the engineering and development teams removing the segregation between fuel cells and fuel processing (Hyamtec) for the organisation. AFC Energy Plc has two subsidiaries, Hyamtec Limited and H-Power Limited. Both of these entities are dormant and have no assets or liabilities. Any reference to Hyamtec within the annual report is making reference to the fuel processing (cracker) activities of the business and not the legal entity. In addition, the report makes reference to the ICL Joint Venture (JV). The JV is in the progress of obtaining an Environmental Agency permit to enable the relocation of the AFC portable ammonia cracker from Dunsfold to its intended location in Middlesbrough. After the permit is granted, it is our intention to incorporate a new limited company and commence trade.

#### 4. Deliver proof points, technology validation and supply chains

Other than a small amount of Engineering Revenue and the expenditure on the development costs reported above, there is yet to be any impact on the financial statements from these achievements.

#### Loss for the financial year of £22.2m

At first glance, this loss represents a significant increase from the prior year of £17.4m. However, the main elements of the increase are already explained above (with the stock and debtor write offs). Other items where there have been significant variances from the prior year include:

**Revenue:** In FY24 the business made revenue of £4m selling the current AR2 units. On joining the business, the decision was made not to manufacture or sell any additional AR2 units. Revenue for FY25 is only £0.1m and includes rental of the unit to Acciona, Engineering Services and Extreme H support.

**Other Income:** Other income has dropped year on year due to the updated accounting treatment of Research and Development Tax Credits with the new combined scheme being recognised solely on the taxation line (FY24 £0.2m).

## Financial Review continued

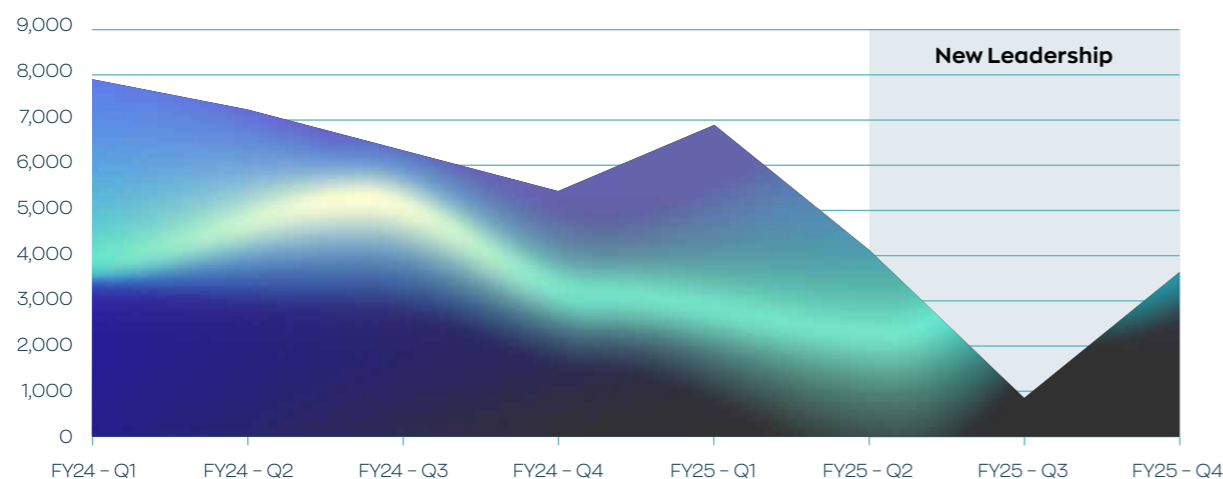
**Operating Costs:** Operating costs in FY25 include a number of non-cash transactions. These are summarised as: (a) the stock write down of £2.6m (FY24 – £nil) as reported above; (b) the provision for expected credit losses of £2.9m (FY24 – £nil) as reported above; (c) depreciation / amortisation of £4.4m (FY24 – £2.5m) the increase in this cost being accelerated depreciation on leasehold improvements on the property the business has decided to exit and the commencement of amortising the capitalised R&D spend; (d) share based payment of £2.0m (FY24 – £1.5m), the increase relating to a full year impact of the options issued in FY24 (£0.8m in FY25 vs £0.5m in FY24) as well as to the new leadership team (£0.8m in FY25 vs £nil in FY24), offset by a revaluation of £0.4m in FY24 which did not repeat in FY25. If we adjust for these non-cash items the underlying costs would be £13.4m (FY24 – £14.1m).

**Taxation:** In FY25 the business focus shifted back towards development from manufacturing which in turn has increased the amount of expenditure qualifying for tax credits. This coupled with a change in the qualification framework resulted in the Company qualifying for the enhanced R&D intensive support scheme in FY25 which was not achieved in FY24.

### Cash Management and Closing Cash of £25.3m

Since joining the business, we have worked hard to preserve cash whilst the new strategy was set.

Quarterly Cash Burn, Excluding Fund Raising Activity – £'000s



This resulted in a reduction of the quarterly cash burn from £6.7m per quarter in the 15 months before joining to £2.9m in the last three months of the financial year. The cash burn increased in Q4 due to the cost of restructuring the business, the exit of the German Stade facility and the re-engagement of development activities around the two key products reported above. Q3 includes the benefit of R&D tax credit receipts in both financial years. At the year end, the Company had placed £11m in a 95 day notice account to maximise interest receivable. Due to the notice period, this £11m is classed as short term investment in the financial statements. References to cash in this report includes these short term investments and this is different to how it is reported in the financial statements.

A summary of the FY25 cash flows are as follows:

	2025 £m	2024 £m	2023 £m
Net loss before tax	(25.4)	(19.3)	(19.6)
Non-cash items	12.4	4.0	2.4
R&D credits received	1.6	2.7	3.9
Changes in working capital	(0.5)	(6.3)	0.2
<b>Cash used in operations</b>	<b>(11.9)</b>	<b>(18.9)</b>	<b>(13.1)</b>
Investing activities	(3.5)	(7.7)	(1.2)
Financing activities (net of costs)	25.3	14.6	1.5
<b>Cash movement in the year</b>	<b>9.9</b>	<b>(12.0)</b>	<b>(12.8)</b>
Opening cash	15.4	27.4	40.2
<b>Closing cash</b>	<b>25.3</b>	<b>15.4</b>	<b>27.4</b>

A summary of non-cash items are as follows:

	2025 £m	2024 £m	2023 £m
Share based payment	£2.0m	£1.5m	£0.8m
Depreciation / Amortisation / Loss on disposal	£4.4m	£2.5m	£1.7m
Stock provision / Write off	£2.6m	-	-
Provision for expected credit losses	£2.9m	-	-
Staff costs paid in equity	£0.5m	-	-
Consideration in kind	-	-	(£0.1m)
	<b>£12.4m</b>	<b>£4.0m</b>	<b>£2.4m</b>

### Going Concern

The Directors have prepared and reviewed forecasts for the period ending February 2027 which they consider to be the appropriate period for assessing going concern. Whilst events and conditions beyond this period of assessment have been considered, in the judgement of the directors, such events and conditions do not require an extension to the period of assessment.

The base case forecast predominantly includes the continuation of the development of the Hy-5 ammonia cracker and the next generation of fuel cell products together with their associated costs and the fixed running costs of the business offset by a moderate volume of equipment and gas sales from the products developed. The sales commence in September 2026 and ramp steadily. In this base case scenario, the forecasts show that the business has sufficient resources throughout the assessment period.

As with prior years, the Directors have applied sensitivities to the above base case when considering their opinion on going concern. The sensitivities considered were:

- a 50% reduction in sales volumes;
- a 6-month slippage in project delivery;
- the timing and quantum of expected R&D tax credits.

These sensitivities have been applied without any management action and the Directors have the ability to control the cost base as well as slow down the pace of development in order to preserve cash if one or more of the scenarios became a reality.

Given the outcome of the assessment above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being the period to 28 February 2027. Accordingly, the Directors continue to adopt the going concern basis of preparation in these financial statements.

### Longer Term Assessment

Considering the maturity of the organisation and the fact that the business is transitioning from a R&D led Company to one which is commercially viable, the Directors have prepared forecasts which extend beyond the going concern assessment period. The longer term forecasts (beyond the assessment period) show that the business will require a sizable increase in revenue (delivering sustainable commercial revenues in excess of total costs) or additional funding through debt or a further fundraise in order to be able to continue to trade in the medium term (second half of calendar year 2027).

Whilst the Directors recognise the challenges of fundraising in the current economic climate, they are confident that when the Company chooses to seek additional funding that it will be available. This view is based on:

- a track record of being able to raise funds in the current economic climate (£27.5m raised in July 2025);
- the new product road map delivering an end to end solution at a comparable cost to the incumbent diesel technology in FY26;
- UK Government requirement for construction tenders to include a non-diesel solutions for onsite electricity generation on projects such as HS2 and the Lower Thames Crossing;
- commercial and technical validation of our products through the JDA partnerships delivered in FY25; and
- deployments of the current generator fleet through our Joint Venture partner Speedy Hire.

The Directors acknowledge the requirement to create a commercially viable business as quickly as possible, with the recent strategy refresh having this objective at its core.

**Karl Bostock**  
Chief Financial Officer

24 February 2026

## Sustainability Report

At AFC Energy, our goal is to help the planet to reach Net Zero using our proprietary hydrogen power generation technology.

In resetting the Company’s strategy and the execution of such strategy, sustainability remains a key focus for AFC Energy in delivering our suite of products.



As the Company grows and works with an increasing number of partners, we do so knowing that delivery of our strategy in an environmentally responsible way and having sustainability at the heart of what we do is essential to AFC Energy’s growth and success.

**Monika Biddulph**  
Non-Executive Director

### Materiality

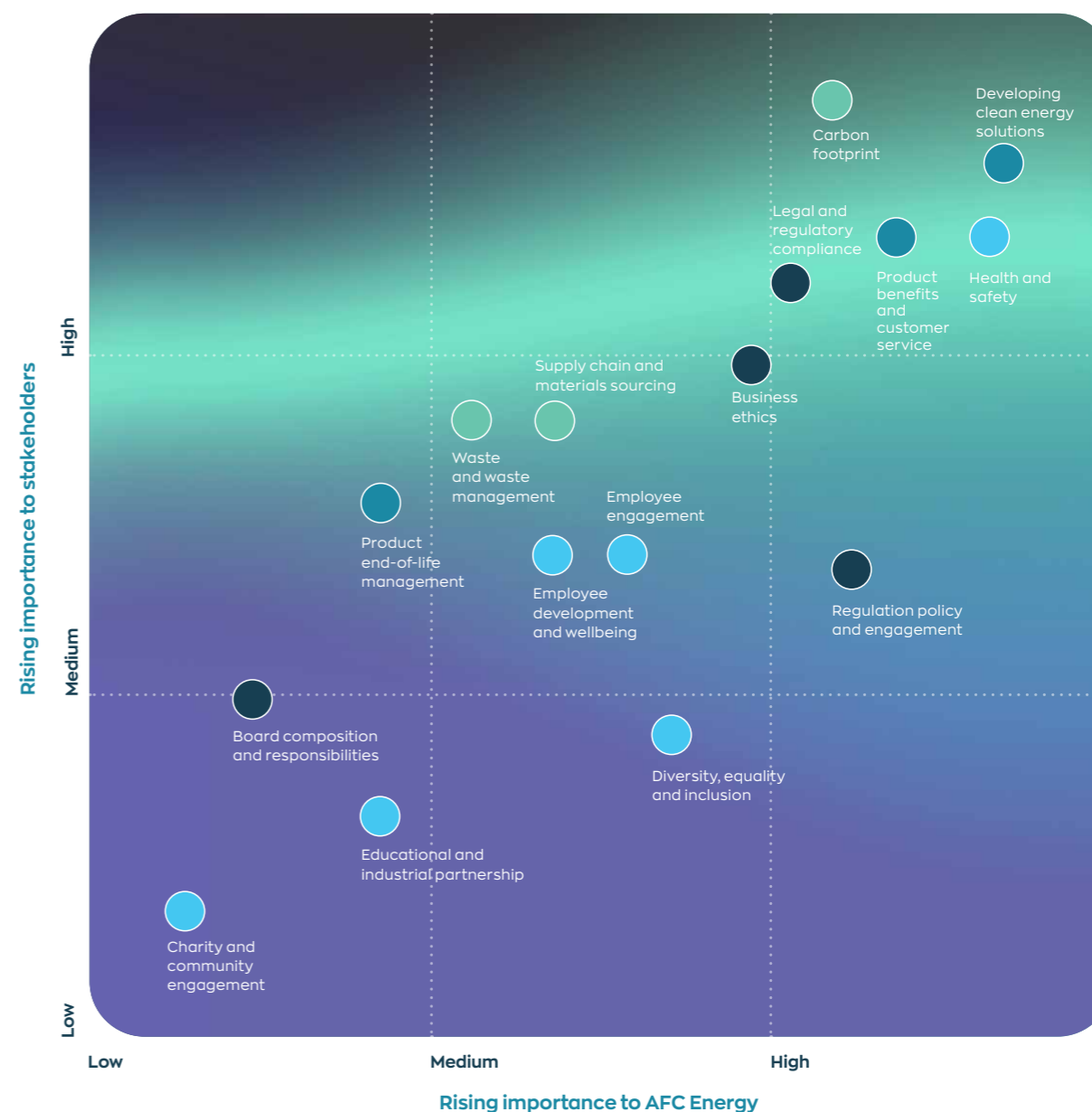
The evaluation of risks to the business and opportunities for improvement underpin AFC Energy’s long-term strategy of delivering a cleaner future.

We performed our first materiality assessment with our stakeholders in 2022 to understand the risks and opportunities facing the business in the context of ESG.

We continue to focus our efforts on the most material items in the ESG Materiality Matrix, which are fully integrated with our overall risk management procedures (see pages 36-37 for more details), receiving full oversight, leadership and support from the Board.

Climate related risks are identified as part of our overall risk management procedures and provide the Company with commercial opportunities as wider society works to mitigate such risks.

### ESG Materiality Matrix



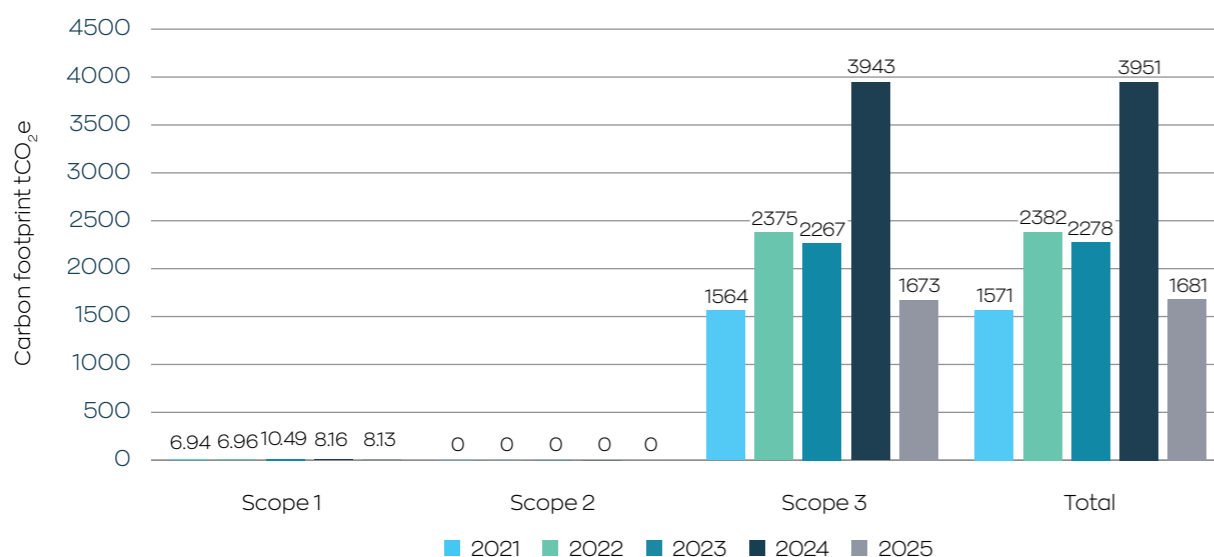
**Key**  
● PRODUCT BENEFIT ISSUES   
 ● GOVERNANCE ISSUES   
 ● ENVIRONMENTAL ISSUES   
 ● SOCIAL ISSUES

## Sustainability Report continued

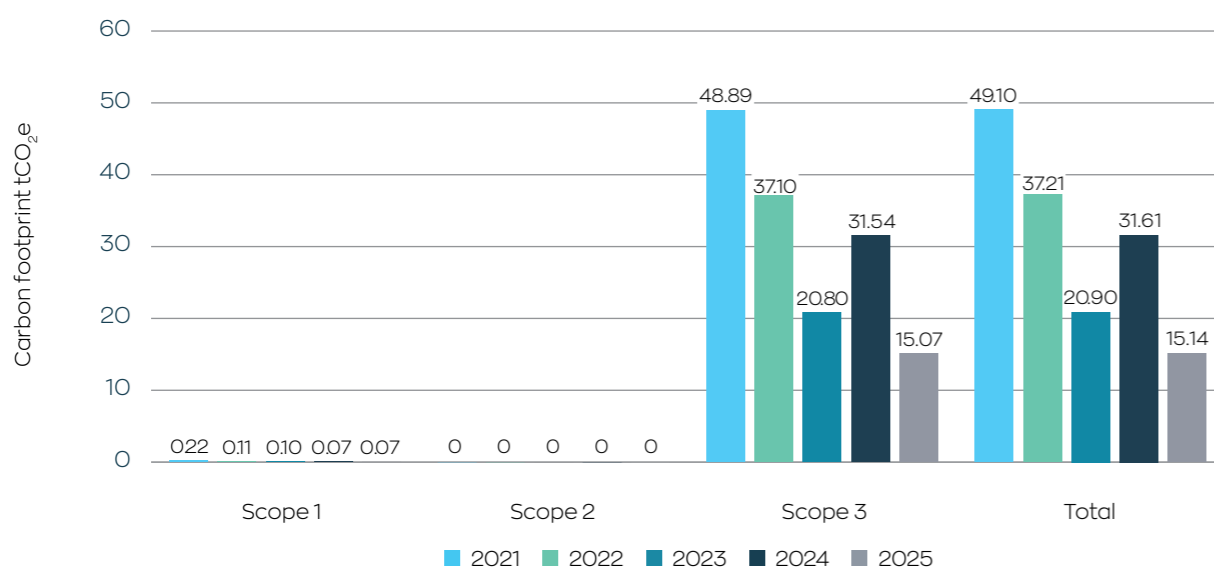
### Carbon Footprint

AFC Energy undertakes carbon footprint reporting using an independent assessor, Alectro, in accordance with the World Research Institute (WRI) Accounting and Reporting Principles. Financial Year 2025 saw a reduction in total emissions per scope and per employee, as set out in the graphs below. Such reductions are primarily as a result of the Company manufacturing fewer products in-house and the consequential decrease in parts ordered through our supply chain. We continue to purchase 100% of our electricity needs from a solar farm, resulting in the Company having zero scope 2 carbon emissions. Our employee engagement survey continues to evidence the importance to our employees of addressing climate change issues.

#### Total emissions per scope per year



#### Total emissions per scope per employee per year



As part of our environmental commitment, we continue to offer electric vehicle charging facilities at our Dunsfold Park offices and encourage the use of bicycles through the Cycle to Work scheme.

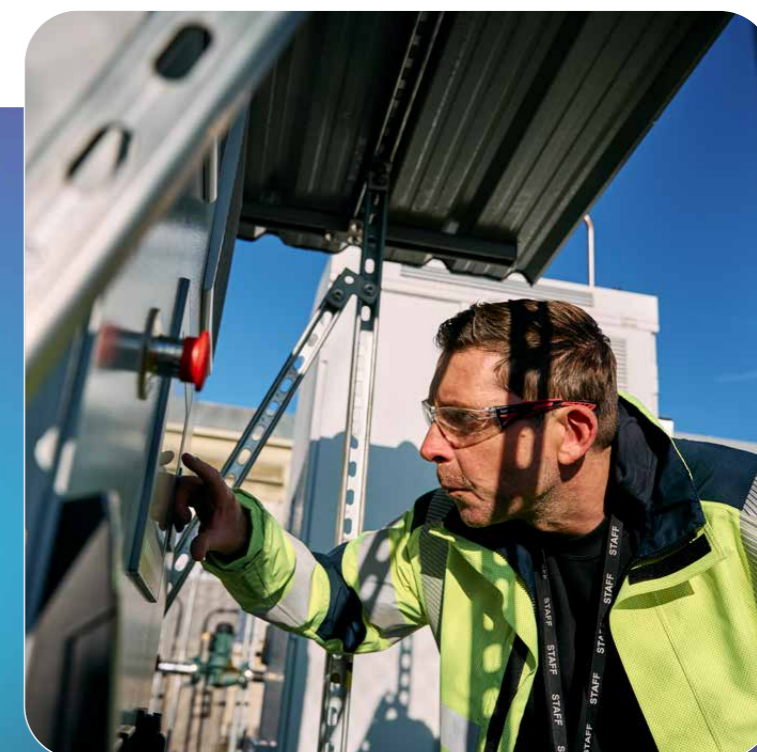
AFC Energy is not currently subject to Streamlined Energy & Carbon Reporting (SECR), and the above does not purport to comply with SECR reporting requirements.

### Health and Safety

The drive to improve our health and safety practices is a continuing one. In financial year 2025 and under the guidance of our new CEO and CFO, we reviewed and updated our health, safety and environmental policies to strengthen our ongoing commitment to create and maintain a safe working environment. Full leadership engagement was fundamental in driving meaningful change and progress in our HSE management approach, and a number of initiatives warrant particular attention:

### Management Safety Walks

- Introduction of a structured, planned programme of regular management safety walks across all operational areas.
- Comprehensive planning of safety walks, assigning all managers to specific zones using a pre-defined checklist. Observations and findings were recorded in the HSE software platform, enabling data-driven comparison of safety performance by area and over time.
- Frequency of management safety walks is determined by risk level – ensuring that higher-risk operations are reviewed more frequently. This structured approach allows us to track improvement actions, celebrate best practices, and continuously enhance workplace safety standards.



#### 5 Golden Health and Safety Rules

Introduction of 5 Golden Health and Safety Rules to promote a proactive safety mindset and reinforce good practice:

#### #2. Handle with Care

Gases, Chemicals, Machinery and High-Risk Materials

#### #4. Protect Yourself

Use PPE and Stay in Safe Zones

#### #1. Work Safely

Follow Procedures, Training and Risk Assessments

#### #3. Speak Up

Communicate, Report and Intervene

#### #5. Keep it Clean

Tidy Workspaces, Clear Access and Emergency Routes

# Sustainability Report continued

0

## Lost Time Incidents

1

## Minor accident across the Company

### Training and Development

- Enhanced training management process by identifying and delivering the most critical courses beyond those available through the iHasco online training platform.
- Delivery of practical training sessions covering a range of safety topics, and in response to the needs of the Company and its employees including:
  - forklift certification;
  - compressed gas safety;
  - hydrogen safety;
  - the 5 Golden Health & Safety Rules

Such training is focused on improving understanding of hazards, risk control measures, and practical application through hands-on experience.

### Health and Safety Performance

Thanks to the strong commitment and active participation of our leadership team, numerous improvements implemented during the year and strong employee engagement, we achieved excellent HSE performance across both leading and lagging indicators. We are proud to report that financial year 2025 closed with:

- zero (0) Lost Time Incidents (LTIs); and
- one (1) minor accident across the Company.

These outstanding results reflect the positive cultural shift within AFC Energy, where safety and environmental awareness continue to be integral to daily operations. The improvements established last year continue to strengthen our HSE culture and ensure we deliver sustainable, safe, and high-quality performance for our customers, investors, and stakeholders.

	Financial Year 2025	Financial Year 2024	Financial Year 2023	Financial Year 2022	Financial Year 2021
On-site hours	213,241	238,139	205,982	152,453	78,505
Near miss	6	8	9	10	2
LTI	0	2	0	0	1
LTI per on-site hours (LTIFR)	0	1.68	0	0	0.000013

### Environmental

Several initiatives contributed to the successful completion of our ISO 14001 (Environmental Management) accreditation, including the improvement of our waste management system through enhanced segregation into multiple waste streams, supporting greater recycling and minimising environmental impact.

### ISO Certification Audits

In October 2025, we were delighted to complete surveillance audits for our ISO 14001 (Environmental Management) and ISO 9001 (Quality Management) systems with no non-conformities. Our employees continued to embrace initiatives to support such important management systems.

### People

AFC Energy's people are our greatest asset and we recognise this through a number of initiatives:

- Provision of a range of benefits, including private medical insurance, direct access to doctors, a counselling service and an employee assistance programme open to employees and their families, and we continue to review our benefits portfolio for all employees.
- Management gained further insight into the views of our employees by conducting an annual employee survey to measure employee engagement, motivation and commitment to AFC Energy. With 86% of employees engaging (an increase of 2% from the financial year 2024

figure), the survey results provided an invaluable snapshot of the organisation, in identifying what we do well and what areas require improvement.

- Company hosted Christmas lunch and summer party, where employees' individual performances were recognised by their peers and managers respectively.
- Participation in the football Shooting Stars Corporate Cup, raising c.£1,500 in aid of the Shooting Star Children's Hospices.
- Hosting of four work experience students for week-long placements where such students received invaluable experience in engineering, finance, project management and fabrication.

Recruiting, keeping and supporting employees from a diverse range of backgrounds allows us to better understand the society we serve and the communities we work in. Not only is it the right thing to do, but it is good for our business – it lowers risk, increases employee retention and wellbeing and encourages greater social equality and mobility.

### Ethical Business and Good Governance Supply Chain

Being a responsible business is essential to our success, and we work hard to encourage sustainable procurement and supply chain management. We continue to monitor and evolve our suppliers in support of our sustainability principles. All tier 1 and 2 suppliers to AFC Energy are required to evidence their compliance with ISO 14001 (Environmental Management Systems) or other satisfactory evidence of commitment to sustainability values. We have embraced DHL's Sustainable

Shipping service in order to use increasingly carbon efficient transportation services and request consolidated deliveries from suppliers to further reduce our carbon footprint.

In October 2025, AFC Energy underwent an independent sustainability maturity assessment by Planet Mark, as part of Speedy Hire's Net Zero Supply Chain Programme. The review recognised AFC Energy's strong progress in carbon reporting, environmental management and internal sustainability engagement.

As we scale up our business, we shall look for more ways to improve, with a focus on further screening our existing and new suppliers to ensure they meet the standards we expect.

### Internal Governance and Compliance

Our key internal policies and procedures defend the rights of our employees and guide us to conduct our business in the correct way, including the following:

- Anti-bribery and corruption.
- Whistleblowing policy.
- Anti-slavery and human trafficking policy.
- Equal opportunities policy.
- Social media policy.

All internal policies and procedures are reviewed on a regular basis and supported with online employee training. During the 2025 financial year, a health and safety concern highlighted to the Company's leadership through our whistleblowing service directly resulted in modifications to our health and safety procedures. This process demonstrated that policy improvements are the responsibility of all employees and that AFC Energy adopts a collaborative approach to the ongoing improvement of governance and specifically health and safety.

**Monika Biddulph**  
Non-Executive Director  
24 February 2026

## Our support for the UN's Sustainable Development Goals

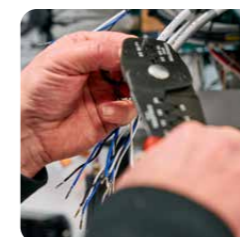
AFC Energy is committed to advancing the United Nations' Sustainable Development Goals, including those set out below:

### UN Sustainability Goals – What we are doing

 <p><b>3 GOOD HEALTH AND WELLBEING</b></p>	<p>Air pollution remains a significant health issue in many cities across the world, particularly amongst the young or vulnerable. The replacement of diesel generators with hydrogen fuel cells such as ours reduces air pollution.</p>
 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	<p>Our commitment is to low-cost on-site hydrogen production and fuel cell technologies which produce zero emissions at the point of use, replacing their fossil fuel equivalent in use today. With increased production and availability of clean hydrogen and its falling price (forecasted to halve in price by 2030), we are playing our part in unlocking the UK hydrogen economy by delivering affordable and clean energy without government subsidy.</p>
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<p>We employ a diverse workforce with professional, technical, engineering, scientific and other highly specialised skills and experience. Our people join and stay with us because of the opportunity to work on innovation and sustainability, and to support the global energy transition.</p>
 <p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p>	<p>Execution of strategic and innovative partnerships, with plant hire companies to support roll-out of hydrogen fuel cell generators and chemical companies to support ammonia cracking technology and discussions around additional partnerships.</p>
 <p><b>13 CLIMATE ACTION</b></p>	<p>The vision for a world without hydrocarbons often puts hydrogen centre stage. We are contributing to the global efforts to get to both net zero and real zero with our ammonia cracked hydrogen generation and hydrogen fuel cell technologies.</p>

## Directors' Statement

## Promoting the success of the Company



The Directors are fully aware of and understand their statutory duty under the Companies Act 2006 ('the Act'). The below sets out information on how the Directors have had regard to the factors set out in Section 172 of the Act:

- The likely consequences of any decision in the long-term (s.172(1)(a)) made within the Company's governance framework, designed to consider and promote the long-term success of the Company and to support the delivery of strategy.
- The interests of the Company's employees (s.172(1)(b)) through monitoring employee welfare and safety, via annual appraisal and by setting a clear remuneration policy. The Company performs an annual staff survey to further understand the views of employees (see page 32 for further details). The Directors recognise that employees are fundamental to the growth and success of any Company. Such success depends on looking after our employees, as described further in the Sustainability and Remuneration Committee reports. The Board is mindful that decisions and oversight often have to balance the differing needs of stakeholders, and ensures this is taken into consideration when making critical decisions.
- The need to foster the Company's business relationships with suppliers, customers and others (s.172(1)(c)). Delivering our strategy requires mutually beneficial relationships with suppliers and customers. Accordingly, we have developed strategic agreements with supply chain and distribution channel partners.
- The impact of the Company's operations on the community and the environment (s.172(1)(d)), is monitored and the Company agrees on activities, sets goals, monitors KPIs and reviews and updates policies and procedures. An evaluation of our impact is provided in the Sustainability Report.
- The desirability of the Company maintaining a reputation for high standards of business conduct (s.172(1)(e)). The Board and the Company has a zero-tolerance approach to breaches of applicable laws and regulations, and our policies set out the high standards and behaviours expected from those that work for us or with us.
- The need to act fairly between members of the Company (s.172(1)(f)). During FY25, the Directors met with a range of shareholders, both institutional and retail, including at the AGM. In doing so, our Directors act fairly as between the Company's members but are not required to balance the Company's interests with those of other stakeholders. This can sometimes mean that certain stakeholder interests may not be fully aligned.

The Board is ultimately responsible for the direction, management, performance and long-term sustainable success of the Company. It sets the Company's strategy and objectives, considering the interests of all its stakeholders. A good understanding of the Company's stakeholders enables the Board to factor the potential impact of strategic decisions on each stakeholder into boardroom discussions. By considering the Company's purpose, vision and values together with its strategic priorities, the Board aims to make sure that its decisions are fair. The Board has always, both collectively and individually, taken decisions for the long-term that align with our strategic direction, and consistently aims to uphold the highest standards of business conduct.

Board resolutions are always determined with reference to the interests of the Company's employees, its business relationships with suppliers and customers, and the impact of its operations on communities and the environment.

Stakeholder input to our decision making during the period has included:

- consultation with, and site visits by, shareholders, market professionals and professional advisers to diversify and strengthen the professional experience and independence of the Board and senior managers to cover commercial matters, product development, technology and finance;
- institutional shareholder consultation in respect of the 2025 Annual General Meeting Remuneration Report resolution; and
- market sounding and site validation projects confirm that end users are willing to adopt commercially viable hydrogen power generation technology in order to reduce emissions. Furthermore, end users and strategic partners have provided feedback identifying potential improvement to future versions of the Company's products.

This statement serves as an overview of how the Directors have performed this duty in the financial period and engaged with the Company's key stakeholders to help to inform the Board's decision-making. Further details of the consultation processes applied during this period are set out in the Nomination Committee, Remuneration Committee and Strategic Reports.

These initiatives should be read in conjunction with the Corporate Governance section which sets out the decision-making and risk appraisal processes together with delegation of authorities.

## Risk Management

# Principal Risks and Uncertainties

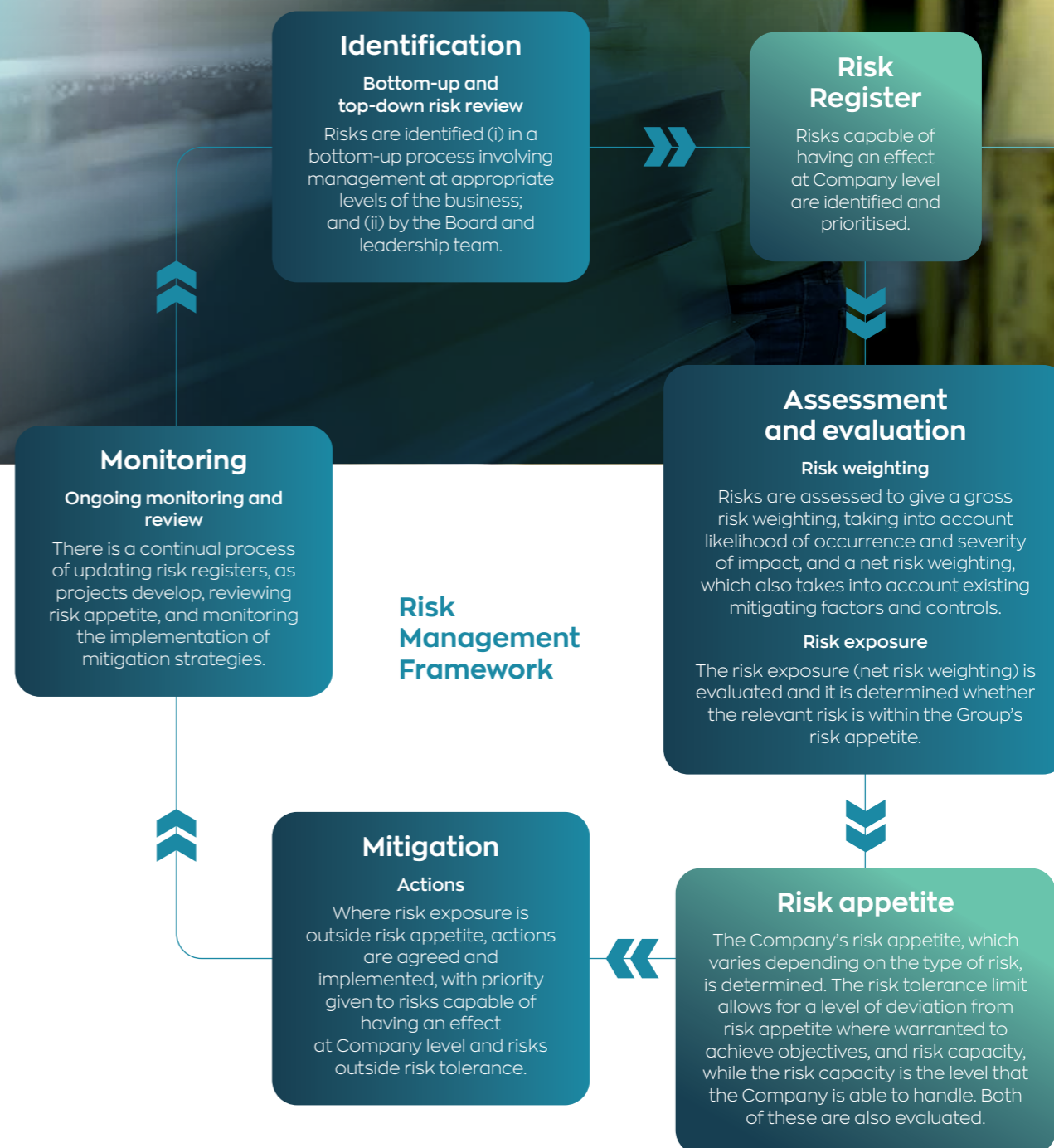
Our risk management framework and its implementation adopts the three line defence model of identifying, understanding and addressing risk to enable the Company to achieve its goals whilst tolerating acceptable levels of risk.



Our framework includes the executive leadership team and Board recording “top down” strategic risks and management capturing operational and project execution risks through a “bottom up” approach. The Board is ultimately responsible for oversight of the Company’s risk management systems, with the Audit and Risk Committee acting as a reviewing committee. Our risk assessment process considers both the probability and plausibility of a risk materialising and the potential impact if the risk did materialise. Through our risk management process, the Board has identified certain risks which are deemed principal to our business due to their potential severity and link to the Company’s strategy, markets and operations, which are set out on pages 18-23. This is not intended to be an exhaustive list. Risks currently considered to be less material or strategically important and unknown risks may also have the potential to cause an adverse impact on the Company.

Our strategy is developed in light of the legal and regulatory environment in which we currently operate, and considers anticipated changes to that environment. Unanticipated changes in the legal and regulatory environment may therefore have a negative impact on the business. We are proactively engaged with the UK Government and regulatory bodies to this end and maintain active membership and key roles in relevant committees, trading associations and compliance bodies – in so doing supporting the development and standardisation of policies, regulations and codes within the green hydrogen industry. We have an increased focus on managing the risks associated with cyber threats, as well as climate and environmental considerations. We continue to prioritise the need to attract and retain talent within the organisation and ensuring health and safety and product quality are priorities.

Our risk management framework is illustrated below:






## Risk Management continued

## Principal Risks and Uncertainties continued

Risk	Impact and Description	Mitigation	Trend
<b>Financial</b>	<p>The Company does not yet generate positive operating cash flow and if sufficient funding cannot be secured, growth plans may be adversely affected.</p> <p>In identifying and assessing this risk, the directors consider a period beyond that assessed for going concern. Details of the longer term risks, along with the going concern assessment, the latter of which considers the period to February 2027 are set out on pages 24 to 27 within the Financial Review.</p>	<p>Company reviews funding opportunities from a number of potential sources and applies for certain Government grants and tax credits to provide additional funding.</p> <p>The cost drive down exercise in 2H of FY25 is set to deliver c. £1.5 million of annualised savings and there is an ongoing focus on cost control.</p> <p>Focus on sales growth and product development will drive down manufacturing costs per unit and improve product margin.</p>	
<b>Commercial</b>	Products are at a relatively early stage of commercialisation, and so may not initially perform to customer expectations and may take time to gain traction in target markets.	<p>Commercial function to identify customer needs and expectations of product.</p> <p>Creation of project management office, with stringent stage gates to feed into improvements and modifications.</p>	
<b>Commercial</b>	Costs associated with hydrogen economy may compare unfavourably to other forms of energy transition	<p>The Company's Hy-5 ammonia cracking units are set to produce hydrogen at a price to help unlock the UK hydrogen market, without reliance on government subsidy.</p> <p>A proactive value engineering process is being established with a clear product roadmap and bulk component purchases supported by manufacturing drop sizes.</p> <p>Generation of economies of scale through increased partnerships. We also seek supply chain pricing tension and resilience from using multiple suppliers, where appropriate.</p>	
<b>Intellectual Property</b>	Risk of Company's Intellectual Property rights being disclosed to third parties	<p>Using specialist advisers, internal controls, and employee briefings to capture, protect and exploit internally generated IP.</p> <p>Partner agreements contain non-disclosure and IP protection provisions. The Company does not sell into markets where there is a high risk of 'reverse engineering'.</p> <p>All employees must comply with our Intellectual Property Policies and attend regular training.</p>	

 Up  Flat  Down

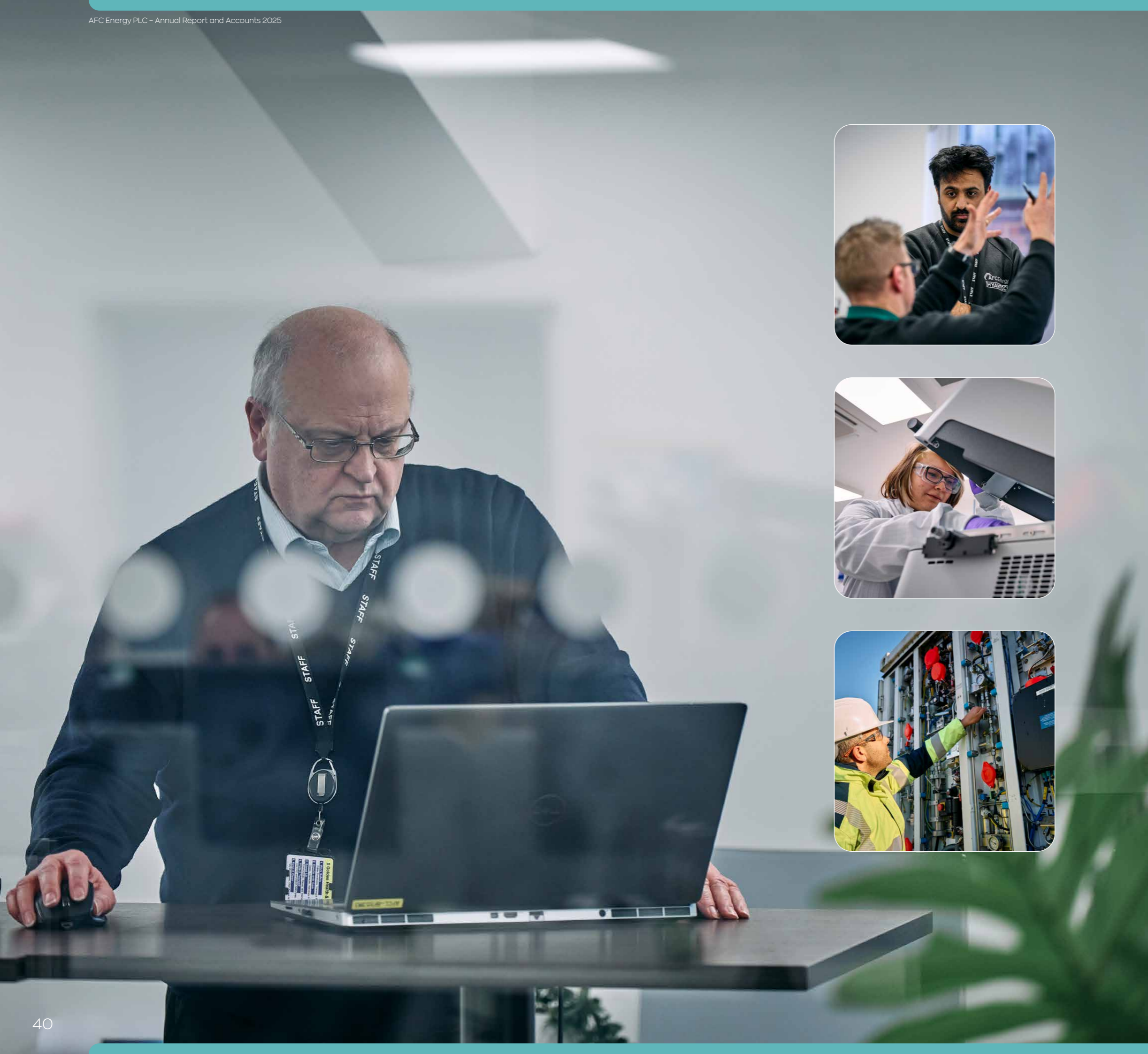
Risk	Impact and Description	Mitigation	Trend
<b>Operational</b>	Assembly operations and the handling of volatile and/or corrosive chemicals such as hydrogen and ammonia results in potential health, safety and environmental risks.	<p>The Company has a dedicated health &amp; safety team and detailed processes to manage and track HSE risks.</p> <p>The HSE system incorporates a wide range of functionality, including modules such as 'Accident/ Incidents Management', 'Permit to Work' and 'Risk Assessment'.</p> <p>Continuous efforts to foster and maintain a "best in class" safety culture. Company carries out education of its employees, customers, government agencies and authorities.</p>	
<b>Operational</b>	Supply chain is unproven at the scale of production envisaged.	<p>Good planning, along with a growing order book and strong balance sheet will help in developing stronger and more equitable supplier relationships as output grows.</p> <p>Outsourcing of production is work in progress.</p>	
<b>Cyber Risk</b>	Cyber-attacks and data breaches could have adverse financial, reputational and competitiveness consequences	We work with expert IT advisers to implement software and hardware mitigants to such risks. All employees must comply with our IT and social media policies and attend regular training.	

The Strategic Report on pages 14 to 39 has been approved by the Directors and signed on their behalf by

**Karl Bostock**  
Chief Financial Officer

24 February 2026

 Up  Flat  Down



# Corporate Governance

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# Board of Directors



**GARY BULLARD**



**Non-Executive Chairman**  
(appointed April 2021)

**Relevant skills and experience**

Gary is an Experienced Chairman, Non-Executive Director and executive in industrial and information technology industries.

Broad experience in the scale up of high-volume manufacturing and supporting high value, high growth businesses in the commercialisation of technology.

**Previous appointments**

Senior management positions in IBM, BT and Logica.

Non-Executive Director of Chloride Plc, Rotork Plc and Spirent Communications Plc.

**Other current appointments**

Chairman: Oxford Metrics Plc.  
Chairman: Gooch & Housego Plc\*



**JOHN WILSON**

**Chief Executive Officer**  
(appointed January 2025)

John provides a wealth of experience in leading technology-driven businesses through significant growth and transformation. As CEO of Bulgin, a connectivity solutions provider, John led a private equity-backed MBO through to a further subsequent sale, creating substantial shareholder value. Prior to this, John was CEO of Elektron Technology Plc for nearly a decade, where he significantly enhanced shareholder value through strategic growth initiatives and the commercialisation of complex technologies. His early career was spent in engineering and technology consulting roles, where he specialised in bringing complex and emerging technologies to market in both the UK and North America.

Formerly CEO of Bulgin Ltd and Senior Independent Director, Chair of the Audit and Remuneration Committees of Checkit Plc (previously Elektron Technology Plc).

Executive Director of Speedy Hydrogen Solutions Limited, Hyamtec Limited and H-Power Limited.

Non-Executive Director and Chair of Audit, Volex Plc.

Independent Non-Executive Chairman of Insig AI Plc.



**KARL BOSTOCK**

**Chief Financial Officer**  
(appointed January 2025)

Karl brings over 15 years of experience as a CFO in manufacturing, having previously held positions at Bulgin Limited and Coveris UK. As part of these roles Karl has focused on driving change both commercially and operationally to increase shareholder value.

As well as significant finance experience, Karl has expertise in business partnerships in private equity-owned environments.

Chief Financial Officer of Bulgin Limited.  
Chief Financial Officer of Coveris.

Executive Director of Speedy Hydrogen Solutions Limited and H-Power Limited.



**GERRY AGNEW**



**Non-Executive Director**  
(appointed September 2019)

Gerry contributes more than 20 years' experience in fuel cell technology and systems with both Rolls-Royce and LG Fuel Cell Systems Inc. Before joining the Board of AFC Energy, Dr Agnew served as Senior Fellow on the Rolls-Royce Council of Fellows, attending the Company Chief Technology Officer's Technology Strategy workshops.

Seven years as Chief Technology Officer and Chief Technology Adviser to LG Fuel Cell Systems Inc.

Prior to this Gerry was Chief Technologist of Rolls-Royce Fuel Cell Systems, Executive VP Engineering at Rolls-Royce Fuel Cell Systems and Chief Engineer Fuel Cell Systems at Rolls-Royce.

Co-founder and Director of Hypanode Limited.



**MONIKA BIDDULPH**

**Non-Executive Director**  
(appointed December 2021)

Monika brings over 20 years' experience in commercial, operational and technical areas of international technology businesses. Monika holds a PhD in Experimental High Energy Physics from ETH Zurich.

Member of Senior Leadership Team IP Products at Arm Holdings Plc.  
Non-Executive Director of Linaro Limited.

Non-Executive Director of Iluka Plc, Celebrus Plc and Power Roll Limited.



**DUNCAN NEALE**

**Non-Executive Director**  
(appointed August 2023)  
**Senior Independent Director**  
(appointed April 2024)

For over 25 years, Duncan has held numerous senior finance roles, including as Chief Financial Officer for listed and private companies.

Duncan is a big four trained Chartered Accountant, a Fellow of the ICAEW and an experienced Non-Executive Director and Audit Chair, with a corporate finance, fundraising, audit and M&A background.

Senior financial positions at Corona Energy, Firstgen Power, and Belltown Power.

Non-Executive Director and Audit Chair of Atrato Onsite Energy Plc.

Non-Executive Director and Audit Chair of Gresham House Energy Storage Fund Plc.  
Director of DJN Consultancy Limited

\* As referred to in the Gooch & Housego PLC Annual Report and Accounts dated 2 December 2025, Gary Bullard to stand down as Chairman during 2026. The AFC Energy Board has reviewed the limited overlap of Gary Bullard's three Chairman roles and concluded in light of the foregoing, the size and AIM status of the three companies, the absence of other executive commitments and Gary Bullard's attendance record, Mr Bullard is not considered to be over-boarded.

Chair of Audit & Risk Committee  
 Chair of Nomination Committee  
 Chair of Remuneration Committee

## Role of Board and Sub-Committees

The Board is collectively responsible for the long-term success of the Company and is ultimately responsible for its strategy, management, direction, and performance.

The Board sets the strategic aims, ensures that the necessary financial and human resources are in place to meet financial and sustainability objectives, reviews progress towards the achievement of these objectives and reviews the performance of management. The Board establishes the values, culture, ethics and standards of the Company and sets the framework for prudent and effective controls which enable risks to be assessed and managed. The Company follows the 2023 Quoted Companies Alliance Corporate Governance (QCA) Code, which sets out a flexible set of governance principles designed to help companies run better, for staff, investors, partners and the wider stakeholder community.

The Board has delegated authority to its Committees to carry out the tasks defined in the Committees' terms of reference. The Committees are the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee. A Technical Advisory Board is also in place. The Board has delegated the day-to-day management of the Company to the Chief Executive Officer.

### Board responsibilities

The Board has overall responsibility for promoting the success of the Company and balancing the interests of all stakeholders. The Executive Directors have day-to-day responsibility for the operational management of the activities. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions.

There is a clear separation of the roles of Chief Executive Officer and Non-Executive Chairman. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual dominates the Board's decision-making and ensuring the Non-Executive Directors are properly briefed on matters. The Chairman has overall responsibility for corporate governance matters. The Chief Executive Officer has overall responsibility for implementing the strategy of the Board and managing day-to-day business activities. The Company Secretary is responsible for ensuring that Board procedures are followed, and applicable rules and regulations are complied with. During the interim period 5 September 2024 to 5 January 2025 in which Gary Bullard assumed the role of interim Chief Executive Officer and Chairman, Duncan Neale, in his capacity as Senior Independent Director, chaired any Board meetings in the event of a potential conflict between the roles of Chief Executive Officer and Chairman.

The Executive Directors' time commitment to the Company is on a full-time basis. Non-Executive Directors are required to commit at least two days per month to the Company. The Board requires all Directors regularly update their skills and knowledge as required to fulfil their roles.

Directors receive regular briefings and updates from the Company Secretary and the Company's NOMAD in respect of compliance with the AIM Rules and other regulations.

The Board is responsible to the shareholders for the proper management of the Company and meets in person at least six times a year, with Board update calls between formal meetings, as required. All key corporate governance, strategy and finance matters are subject to Board approval.

The organisational structure is clearly documented and communicated, identifying levels of responsibility, delegated authority and reporting procedures.

The Board supports the highest levels of commitment and integrity from employees. Expected standards of behaviour are set out in the Company's procedures and policies, which are available to all employees. The Company is an equal opportunities employer, and its policy is to ensure that all job applicants and employees are treated fairly and on merit, regardless of their race, gender, marital status, age, disability, religious belief or sexual orientation.

The Board considers effective communication and engagement with shareholders to be especially important and encourages regular dialogue with investors. Shareholders will be given at least 21 days' notice of the Annual General Meeting, at which they will have the opportunity to discuss the Company's development and performance. The Company's website [www.afcenergy.com](http://www.afcenergy.com) contains full details of the Company's activities, press releases, Regulatory News Service announcements, share price details and other information.

The Directors have overall responsibility for ensuring that the Company maintains a system of internal controls to provide them with reasonable assurance that the assets of the Company are safeguarded, and that shareholders' investments are protected. The system includes internal controls appropriate for the Company.

Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives as any system can only provide reasonable, and not absolute, assurance against material misstatement or loss. The process in place for reviewing AFC Energy's system of internal controls includes procedures designed to identify and evaluate failings and weaknesses, and to ensure that necessary action is taken to remedy the failings.

The Board has considered its policies regarding internal controls, as set out in the 2023 QCA Code, and undertakes assessments of the major areas of the business and methods used to monitor and control them. The review covers commercial, technological, operational, corporate and political risks. The risk review is an ongoing process with reviews being undertaken on a quarterly basis.

The table below shows the number of Board and Committee meetings of the Company held during the financial year, and the attendance of members.

Name	Board	Audit & Risk	Remuneration	Nomination
Gerry Agnew	8/8	2/2	4/4	2/2
Monika Biddulph	8/8	2/2	4/4	2/2
Karl Bostock**	6/6	2*/2	-	-
Gary Bullard	7/8	1*/2	1*/4	2/2
Peter Dixon-Clarke**	1/1	-	-	-
Duncan Neale	8/8	2/2	4/4	2/2
John Wilson**	6/6	1*/2	-	-

\* attended as a guest

\*\* Karl Bostock, Peter Dixon-Clarke and John Wilson attended all Board meetings during their respective periods of appointment during the financial year.

# Corporate Governance Statement



On behalf of the Board, I am pleased to introduce our Corporate Governance Report which provides an overview of the activities of the Board and its committee and how we have discharged our duties and responsibilities throughout the financial year.

**Gary Bullard**  
Chairman

The Board and I take corporate governance extremely seriously, and we are committed to high standards of governance, ensuring our procedures are robust, kept up to date and appropriate for a Company of our size. The Board reviews its procedures periodically to ensure that they evolve as the business grows.

Effective 1 November 2024 we have been subject to the 2023 Quoted Companies Alliance Corporate Governance Code (the QCA Code), with the application of such principles evidenced throughout this report and in summary below. Further details of our application of the QCA Code is set out on the Company's website at [www.afcenergy.com](http://www.afcenergy.com)

QCA Code Principle	Application and Key Actions
<b>1. Establish a purpose, strategy and business model which promote long-term value for shareholders</b>	The Company's purpose is to develop and commercialise hydrogen energy technologies, targeting (i) commercial deployment across the construction and temporary power markets with longer term opportunities in electric vehicle charging, maritime and data centres as part of a portfolio approach to the decarbonisation of society's growing electrification needs; and (ii) the deployment of the Company's propriety ammonia cracking technology in hard to abate industries such as mining, cement and heavy engineering.  The strategy, objectives and business model are developed by the executive directors and the senior management team, and then approved by the wider Board. The management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level.
<b>2. Promote a corporate culture that is based on ethical values and behaviours</b>	The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Company's operations. These values are enshrined in the written policies and working practices adopted by all employees. An open culture is encouraged, with regular communications to staff regarding progress and staff feedback being regularly sought. An anonymous whistleblowing facility is open to employees who may wish to raise concerns. Safety is a priority for all our staff as further described in our Sustainability Report.
<b>3. Seek to understand and meet shareholder needs and expectations</b>	We seek to maintain a regular dialogue with both existing and potential shareholders in order to communicate our strategy and progress, and to understand the needs and expectations of shareholders.  Beyond the Annual General Meeting, the Chief Executive Officer, Chief Financial Officer and, where appropriate, other members of the senior management team, meet regularly with investors and analysts to provide them with updates on the business and to obtain feedback regarding the market's expectations of AFC Energy.  Where appropriate we implement the findings of this invaluable engagement and take feedback into consideration in our decision-making process. AFC Energy's investor relations activities encompass dialogue with both institutional and private investors.
<b>4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success</b>	The technologies and products being developed have a strategic role in meeting net zero carbon targets. To be successful we must not only make our customers aware of our solutions but also government and other policy makers, so that a regulatory and fiscal system is created whereby early adopters of our technology are incentivised. To this end we seek to actively participate in trade associations, global lobbying groups and government forums.  The Chairman and Executive Directors are responsible for broad stakeholder engagement and regularly update the Board of such engagements. The Company's operations and working methodologies aim to balance the needs of these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of AFC Energy for the benefit of its members as a whole. AFC Energy endeavours to take account of feedback received from stakeholders, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Company's longer-term strategy.

QCA Code Principle	Application and Key Actions
<b>5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation</b>	The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls and budgetary process are designed to manage rather than eliminate risk, and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit and Risk Committee, the effectiveness of these internal controls is reviewed and the results of such review of risks and uncertainties are published in the annual report.
<b>6. Establish and maintain the Board as a well-functioning, balanced team led by the Chair</b>	The objective is to maintain a diverse Board balanced between Executive and Non-Executive Directors with an appropriate mix between technology, engineering, governance and commercial experience. The Board includes an independent Non-Executive Chairman who is responsible for leadership of the Board.  The Board is responsible to the shareholders for the proper management of the Company and considers itself to be sufficiently independent and adheres to the QCA Code recommendation that a Board should have at least two independent Non-Executive Directors. Duncan Neale was appointed Senior Independent Non-Executive Director on 25 April 2024.
<b>7. Maintain appropriate governance structures and ensure that individually and collectively the Directors have the necessary up-to-date experience, skills and capabilities</b>	The Board considers that the Non-Executive Directors are of sufficient competence and calibre to add strength and objectivity to its activities, and bring considerable experience in scientific, operational and financial development of clean technology products and companies.  The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Company. The Chairman, in conjunction with the Company Secretary, ensures that the Directors' knowledge is kept up to date on key issues and developments, its operational environment and the Directors' responsibilities as members of the Board.  The Board has overall responsibility for promoting the success of the Company. The Executive Directors have day-to-day responsibility for the operational management of the activities. The Non-Executive Directors are responsible for bringing independent and objective judgment to Board decisions.
<b>8. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement</b>	The Directors are evaluated each year by way of peer appraisal. The appraisal seeks to determine the effectiveness and performance of each member with regards to their specific roles as well as their role as a Board member in general.  Board performance is subject to external review to drive continuous improvement in its operation.  As well as the appraisal process, the Board monitors the Non-Executive Directors' independence to ensure that a suitable balance of independent Non-Executive and Executive Directors remains in place.
<b>9. Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose, strategy and culture.</b>	The Company's Remuneration Committee has established a remuneration policy to support the Company's purpose, strategy and culture by recommending bench-marked remuneration packages and certain employee incentive schemes and performance conditions for share options granted under such schemes. The annual remuneration report is put to an advisory shareholder vote at the Company's Annual General Meeting.
<b>10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders</b>	The Board places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning the activities are clear, fair and accurate. AFC Energy's website is regularly updated with new Company announcements and details of forthcoming presentations and events.  The results of voting on all resolutions in future general meetings will be posted to AFC Energy's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20% of independent shareholders.

**Gary Bullard**  
Chairman

24 February 2026

## Audit and Risk Committee report



I am delighted to introduce this year's Audit and Risk Committee Report. The Audit and Risk Committee is primarily responsible for ensuring that the financial performance of the Company is properly measured and reported and monitoring the effectiveness of our internal control and risk management frameworks.

**Duncan Neale**  
Audit and Risk Committee Chair

### Committee's Roles and Responsibilities

#### The Committee's key responsibilities include:

- satisfying itself as to the integrity of the financial statements and other formal announcements relating to financial performance and ensuring compliance with applicable accounting standards, regulations and rules;
- supporting the Board, which retains responsibility, in monitoring and reviewing the effectiveness of internal financial controls and risk management policies and systems;
- monitoring and reviewing the going concern status of the Company;
- satisfying itself of the independence and effectiveness of the external auditor, and making recommendations to the Board in relation to the appointment and remuneration of the external auditor, and the policy relating to non-audit services;
- considering the need for an internal audit function.

### Committee Composition and experience

The Committee is composed of three Non-Executive Directors. I chair the Committee and bring significant senior financial experience, as further detailed in my biography on page 43. I am supported by Monika Biddulph and Gerry Agnew. The wider Committee is considered to have sufficient, recent and relevant financial experience and competence to discharge its responsibilities. The External Auditor, the Board Chairman, the Chief Executive Officer and Chief Financial Officer attend Committee meetings as invitees when appropriate. The Committee also meets with the External Auditor without the Executive Directors being present. The Committee met twice during the period, attended by all Committee members. The Committee reviewed and updated its terms of reference shortly after the period-end. The Technical Advisory Board, comprising Gerry Agnew, who is also a member of the Audit Committee, supported by external technical advisers from academia and industry, works alongside the Committee to ensure that the Company has appropriate technical risk management processes and to ensure there is appropriate challenge in relation to the capitalisation of development costs.

### External Auditor Independence

Grant Thornton UK LLP has formally confirmed its independence as part of the annual reporting process, and the Committee considered and agreed that Grant Thornton's engagement team conducting the audit had complied with relevant ethical requirements including the Financial Reporting Council (FRC)'s Ethical Standard and were considered independent of the Company. It should also be noted that there were no non-audit fees in the financial year.

The Committee considered the effectiveness of Grant Thornton as auditor and agreed that the Auditor had adhered to high professional and ethical principles and demonstrated the appropriate skills and knowledge about the business, industry, and environment together with the regulatory and legal frameworks in which the Company operates. The Committee also agreed that the audit partner demonstrates experience in the energy sector and in relation to manufacturing and is well informed about current topical issues with the FRC. The Committee concluded that it had no concerns with Grant Thornton's effectiveness.

### Audit tender

Grant Thornton has audited the Company since 2015. As an AIM listed entity, the Company is not required to conduct an audit tender every 10 years as per Main Market requirements, but considers it to be in the interests of the Company to perform a tender process for the external audit role in the next financial year.

### Internal Audit

The Company does not have an internal audit function, which the Committee considers to be appropriate, given the size of the Company and relative lack of complexity of its business. This matter is reviewed by the Committee annually.

### Significant financial reporting matters

The Committee has reviewed the key areas requiring significant judgement in the financial statements. These are all considered critical to the understanding of the accounts and do require a degree of management judgement.

### Capitalised Development Costs under IAS 38

The Committee reviewed management's assessment of technical projects with respect to the eligibility and timing of cost capitalisation under International Accounting Standards (IAS) 38. Working alongside the Technical Advisory Board (TAB), the Committee examined the supporting documentation and evidence to ensure compliance with the recognition criteria set out in IAS 38.

In addition, the Committee considered management's evidence regarding the commercial viability of development projects and evaluated the robustness of the underlying assumptions and methodologies used in the projections, ensuring they were reasonable and supportable.

The Committee also assessed management's evaluation of the expected useful life of completed development projects, taking into account market conditions and the potential risk of technological obsolescence. This supported the amortisation periods taking effect in the accounting period.

### Identification of Cash Generating Units

The Audit and Risk Committee reviewed management's identification of Cash-Generating Units (CGUs) as part of the Company's impairment assessment carried out in accordance with IAS 36 Impairment of Assets. In forming its view, the Committee considered management's analysis of how cash inflows are generated, the interdependencies between assets, the nature of products and services, and the level at which operations are monitored and managed.

Given that recoverable amounts are determined at the CGU level, the Committee recognised that the determination of CGUs is a significant judgement that can materially impact impairment conclusions. The Committee challenged management's rationale and supporting evidence and was satisfied that the CGUs identified were appropriate and consistent with the requirements of IAS 36.

### Impairment review of cash-generating units under IAS 36

The impairment review is an essential judgement because there are some incomplete development projects that are yet to commence amortisation. Under the standard IAS 36, this triggers the requirement for an impairment test regardless of the existence of impairment indicators. The entity operates in a new market with a distinctive offering, making benchmarking against comparable businesses challenging. The Committee reviewed externally provided fair value less costs to sell (FVLCTS) calculations.

This is particularly important considering the change in business model, and therefore the reconsideration that previous judgments are still relevant. The Audit and Risk Committee has concluded that the assumptions are still valid.

Sensitivity analyses were also considered to assess the impact of changes in these assumptions on the impairment review. These included scenarios reflecting six-month and twelve-month delays in the execution of the business plan. The Company's market capital well exceeds the carrying amount of cash generating units. This provides the audit committee with adequate assurance that the assessment above is not sensitive to adverse scenarios.

### Going Concern

The Audit and Risk Committee reviewed management's assessment of the group's ability to continue as a going concern, including the base case assumptions underpinning the new business plan. The Committee considered management's cash flow forecasts and the sensitivity analyses performed, which modelled the impact of potential delays in execution and variations in key assumptions of the new business plan.

The analysis indicated that, while the group expects to achieve self-sustaining cash flows in the medium term, additional funding will be required in the medium term (post the going concern assessment period of February 2027) to support operations until that point. The Committee noted that management has strengthened financial controls and improved responsiveness to cash flow requirements, providing greater confidence in the monitoring and management of liquidity risks.

Based on this review, and taking into account the potential fundraising options available, the Committee concluded that the going concern basis of preparation remains appropriate.

### Share Based Payment under IFRS 2

The Audit and Risk Committee reviewed management's estimation of the share-based payment charge under International Financial Reporting Standards (IFRS) 2.

The Committee considered the key inputs and assumptions used in determining the fair value of awards, including grant dates, vesting conditions, expected volatility, risk-free rates and employee turnover.

The Committee concluded that the methodologies applied are reasonable, supportable and consistent with the requirements of IFRS 2, and that the implementation of the online Share-Force portal provides improved control and transparency over the estimation process.

### Risk management and internal controls

The Committee monitors the Company's risk management processes and challenges the processes for identifying new risks and the risk severity ratings applied to all recorded risks, alongside a consideration of the overall risk appetite of the Company. The Committee's recommendations are implemented by the business in order to continually improve risk management processes. Project and commercial risk registers are reviewed by the executive team on a monthly basis, and the Company's combined risk management matrix is reviewed by the Board at least every six months. The Company's internal control and risk management procedures are subject to the Committee's ongoing review.

### Conclusion

On review of the work of the Committee over the last year, the Committee is confident it has discharged its duties effectively and maintained auditor independence. In my capacity as Chair of the Committee, I welcome comments from shareholders during the course of the year, including at our upcoming 2026 AGM.

**Duncan Neale**  
Audit and Risk Committee Chair

24 February 2026

## Nomination Committee Report



The Nomination Committee's key responsibilities include overseeing Board composition, executive appointments, succession planning, and aligning governance practices with the Company's strategic priorities.

**Gary Bullard**  
Nomination Committee Chairman

### Composition and Diversity

#### The members of the Nomination Committee are:

- Gary Bullard (Chairman) appointed April 2021
- Gerry Agnew appointed September 2019
- Monika Biddulph appointed December 2021
- Duncan Neale appointed August 2023

The Board and the Committee recognised the lack of gender and ethnic diversity. However, in line with the QCA Code, while diversity is accepted as desirable, the priority is ensuring the Board collectively possesses the knowledge, skills and experience to fulfil its responsibilities effectively. Consequently, no immediate changes were required given the current alignment of skills with the Company's needs.

### Board Evaluation

Due to the recent arrival of John Wilson and Karl Bostock, the Non-Executive Directors performed a self-appraisal review during the financial year, evaluating several areas, including:

- strategic priorities and quality of strategic debate;
- challenges and risks face by the Company;
- performance and value add;
- board dynamics and culture;
- understanding of stakeholder requirements and expectations;
- focus on environmental, social and corporate governance matters.

Competencies were assessed through a questionnaire and the Company Secretary collated observations. Such observations and scoring were presented and discussed at the Nomination Committee and the Board in September 2025.

The Board is satisfied that the members of the Committee are independent Non-Executive Directors.

### Election and re-election of Directors

Directors are elected by shareholders at the first Annual General Meeting (AGM) after any appointment by the Board and thereafter may offer themselves for re-election by shareholders at regular intervals and in any event at least every three years, in accordance with the Company's Articles of Association. The Directors who served during the year are set out on page 45.

As per the 2023 QCA Code and based on the Committee's recommendation, all Directors will retire and stand for re-election at the 2026 AGM. Further information on each Director is set out on pages 42-43.

### Chief Commercial Officer (CCO) and Chief Strategy Officer (CSO)

The Nomination Committee was fully engaged in the respective recruitment processes for the Company's newly appointed Chief Commercial Officer (CCO) and Chief Strategy Officer (CSO) roles and welcomes such appointments after thorough and rigorous processes.

### Actions for Financial Year 2026

Through financial year 2026, the Nomination Committee will continue to monitor succession planning and ongoing assessment of the size and composition of the Board to evaluate whether it is appropriate for the Company's stage of development and whether it has an appropriate balance of skills and experience. An external Board evaluation is contemplated during the course of the 2026 financial year to assist in such an assessment.

**Gary Bullard**  
Nomination Committee Chairman

24 February 2026

## Remuneration Committee Report



AFC Energy's remuneration policy is the responsibility of the Remuneration Committee. The Committee has established a remuneration policy to attract and retain the highest calibre individuals, whilst ensuring fair remuneration is aligned with the Company's performance and future growth.

**Gerry Agnew**  
Remuneration Committee Chair

AFC Energy is listed on the Alternative Investment Market (AIM) and therefore provides these remuneration disclosures on a voluntary basis. As such, the charts and tables included here are unaudited, but, in general, our disclosures have been prepared in accordance with best practice. This section of the report sets out the Remuneration Policy for Executive Directors and outlines how this policy has been implemented for the 2025 financial year and will be implemented for the 2026 financial year.

The Policy focuses on Board and other members of the leadership team, but equally provides a framework for all other employees regardless of seniority.

The Policy acknowledges the Company's intention to:

- promote the long-term success of the Company and ensure the alignment of interests between Senior Management, Non-Executive Directors and shareholders including but extending beyond value creation;
- provide a remuneration structure which looks to attract and retain high quality candidates into senior roles within AFC Energy through being competitive with those of businesses of similar size;
- provide a long-term incentive structure to retain senior management while ensuring maximum award levels are capped.

This Policy is reviewed annually by the Remuneration Committee and discussed from time to time with shareholders and adopts a framework structured around several key elements, as summarised in the tables below:

Element	Operation	Opportunity	Performance Metrics	Implementation for 2026 Financial Year
<b>Base Salary</b>	Payable in cash. Reviewed annually, subject to prevailing economic conditions and changes of roles and/or responsibilities, with changes effective from the beginning of the financial year but may be reviewed at other times if the Committee considers this appropriate.	While there is no maximum salary level, salary increases will generally be in line with increases awarded to other employees in the Company. However, larger increases may be made at the discretion of the Committee to take into account circumstances such as:	Company and individual performance are considered when setting Executive Director base salaries.	The Committee reviewed salaries and determined that there would be no increases applied to the Executive Directors at the end of 2025 (other than an inflationary rise of 4% on salaries for the previous financial year). Following the 4% increase the CEO/CFO salaries for FY26 will be:  CEO £416k CFO £250k
To reflect size and scope of the role and individual's performance and contribution.	The Committee reviews base salaries with reference to:	• changes in an individual's role or responsibility; • to reflect an individual's contribution to the Company; • where a salary is significantly behind market practice.		
	• the size and scope of the individual's roles; • the individual's performance and experience.			

Remuneration Committee Report continued

Element	Operation	Opportunity	Performance Metrics	Implementation for 2026 Financial Year
<p><b>Pension and other benefits</b></p> <p>To provide market competitive pension and benefits.</p>	<p>Executive Directors are eligible to participate in the Company's pension scheme, contributing 5% salary as matched by the Company.</p> <p>The Committee has discretion to make alternative arrangements on a case-by-case basis.</p> <p>When determining such arrangements, the Committee will consider cost and market practice.</p>	<p>For employees that have reached lifetime allowance limit, the Company contribution can be paid as salary but will not be grossed up. All other benefits are at an appropriate level considering market practice.</p>	<p>Not performance related.</p>	<p>In line with policy.</p>
<p><b>Annual Bonus</b></p>	<p>To incentivise executives to achieve annual financial and operational targets in line with key strategic objectives considering risk and shareholder interests.</p>	<p>The annual bonus is normally based on performance over the financial year and the bonus plan is documented and updated annually considering the Company's targets and the individual's objectives.</p> <p>After the year-end the Committee determines the extent to which pre-defined targets have been met. The final quantum of the bonus, which is subject to an annual cap, will be dependent upon success of the executive in delivering their targets, with flexibility to adjust up and down to reflect the overall performance of business and individual performance. Bonuses are non-pensionable.</p>	<p>In conjunction with the Executive Directors, measures are selected each year by the Committee to ensure continued focus on the Company's objectives and in line with the Business Plan. The Committee may decide that the bonus entitlement be subject to a minimum delivery of the Company's financial targets.</p>	<p>Objectives have been set based on a blend of 50% financial, 45% operational and 5% ESG objectives. Payment in shares with an overall annual bonus opportunity for both CEO and CFO at 150% and 100% of salary. Annual bonus shares will be granted alongside the announcement of audited accounts. In calculating the number of shares to be awarded, the greater of (i) the 12 month average over the performance period; and (ii) any fundraising price during the period, will be used.</p>
<p><b>Long Term Incentive Plan (LTIP)</b></p> <p>To attract and retain Executive Directors and leadership team members of a high calibre and align their interests with the long-term objectives of the Company.</p>	<p>Annual grants of nil-cost options are scaled according to salary which then vest conditionally three years later based on achievement of performance targets set at grant.</p> <p>The performance share plan (PSP) will remain within the overall limit for all option allocations of 10% of issued share capital.</p> <p>Annual awards are normally made after the announcement of the interim results to avoid potential conflicts.</p>	<p>The maximum award level will be 150% of salary for the CEO with the CFO level set at 80% of salary. Other leadership team members are not automatically eligible to the scheme but those that are will have a maximum award equal to or less than board level executives.</p>	<p>Performance testing will be based on Compound Annual Growth Rate (CAGR – expressed in % terms) of Total Shareholder Return (TSR), which for the time being is expected to be entirely share price based but accommodating future dividends when these become possible.</p>	<p>Following consultation with investors and with the support of the executive board members we anticipate granting LTIP awards to the CEO and CFO with entirely absolute conditions at 150% and 80% of salary for the CEO and CFO respectively.</p> <p>This change will maximise alignment between shareholders and the executive team.</p>

### Incentive outcomes during the year

#### Annual Bonus, Benchmarking and Salary Review

For the year under review, annual bonus targets were in line with the Company recognising the need for a revision in strategy, placing new emphasis on fuel as a service and cracker commercialisation alongside a major cost reduction of the fuel cell products. Objectives were structured around the key transitional activities with demanding targets set so that maximum payout could only be achieved for exceptional performance.

From the outset of the year, managing cash had been a clear priority. In line with the strategic reset and the arrival of the new management team, the Remuneration Committee considered it appropriate to revise the corporate objectives for FY25 by increasing financial weighting from 40% to 50%. Threshold payout was set for £7m year end cash with on target payment for £10m and a stretch goal of £15m. In the event, thanks to very prudent cash management, described in more detail in the Finance Report and an oversubscribed fundraising, year end cash of £25.3m trading update pre audit was delivered resulting in a maximum payout.

Within the operational objectives with weighting reduced from 50% to 40%, 13% of a maximum 20% was awarded for a balanced scorecard covering cracker commercialisation and fuel service development. Underpinning this were formation of the joint venture with ICL and a S&P 500 industrial partner joint development agreement. Well received strategy revisions in this area earned further credit but the stretch target of two Hy-5 orders was not hit.

13% of a maximum 20% was also awarded for a balanced scorecard covering fuel cell commercialisation. Successful establishment of stack and system manufacturing partnerships, critical to achieving 85% cost reduction earned half of this with the remainder scored for delivering a production plan with fully costed bill of material for the new fuel cell units. 7% was forfeited for underperformance in delivering deployment of fuel cell generators through the Speedy Hydrogen Solutions JV.

As in previous years, ESG targets constituted 10% of the bonus. Overall, 7% of this was delivered through excellent performance in further improving HSE delivery. Loss of Time Injuries of zero and Total Recordable Incident Rate (TRIR) < 3 was delivered despite a high level of operational activity. The Board was also delighted with a comprehensive review of risk assessments completed on time and an increased delivery on management safety walks. Further details of safety initiatives are presented in the Sustainability Report (see pages 28 to 33). Bonus was lost in the governance area for not completing a full review of the ESG materiality matrix with stakeholder engagement.

Altogether, across all areas of the bonus, the Executive Directors achieved an exceptional delivery of 83% overall, significantly helped by the exceptional financial target delivery.

Both Executive Directors requested that the annual bonus be delivered wholly in shares in the Company. Following a benchmarking exercise against equivalently sized AIM businesses and a consultation with shareholders, the Remuneration Committee agreed to the bonus payment fully in shares with maximum bonus amounts increased by 25% to 150% and 100% for CEO and CFO respectively. The review identified that salaries remain between lower quartile and median and an inflationary rise of 4% applied to staff company wide was extended to the Executive Directors.

The Remuneration Committee was in agreement with the Executive Directors that cash in the business should be preserved for key business activities and hence delivery in shares was in the best interests of all stakeholders. Noting the uplift in bonus value for taking shares, the shares are subject to an 18 month restriction on sale. In addition, the Committee has introduced a shareholding requirement equivalent to the LTIP grant level (i.e. 150% of salary for CEO and 80% of salary for CFO) in line with best practice. This increased proportion of variable share based pay limits use of cash while ensuring that payouts can only be achieved for the delivery of stretching targets in line with the business plan supporting strong pay-for-performance alignment.

It was the strong wish of the Remuneration Committee to put in place a framework that can be retained going forward. Annual bonus shares will be granted alongside the announcement of audited accounts. Where there has been a raise within the year, as was the case this year, it was felt inappropriate to calculate the number of shares using a lower price than that used in the raise. Consequently, the greater of the 12 month average over the performance period and the raise price, where there is a raise, will be used as the basis for awarding shares.

### Outcome of LTIPs that reached vesting point during the year

The PSP based LTIP awarded in 2022 reached its three-year testing point on 11 July 2025. This award was based on a mix of absolute TSR and relative TSR performance vs FTSE 100. Both elements lapsed in full with the share price below the threshold required for either to vest.

## Remuneration Committee Report continued

### Changes to the executive team

As noted in the 2024 Annual Report, the financial year began with Gary Bullard, normally Non-Executive Chairman, assuming the role of CEO on an interim basis, until John Wilson assumed the CEO role on 6 January 2025. On this date, Gary relinquished the CEO role but stayed on in a transitional capacity until 1 February 2025.

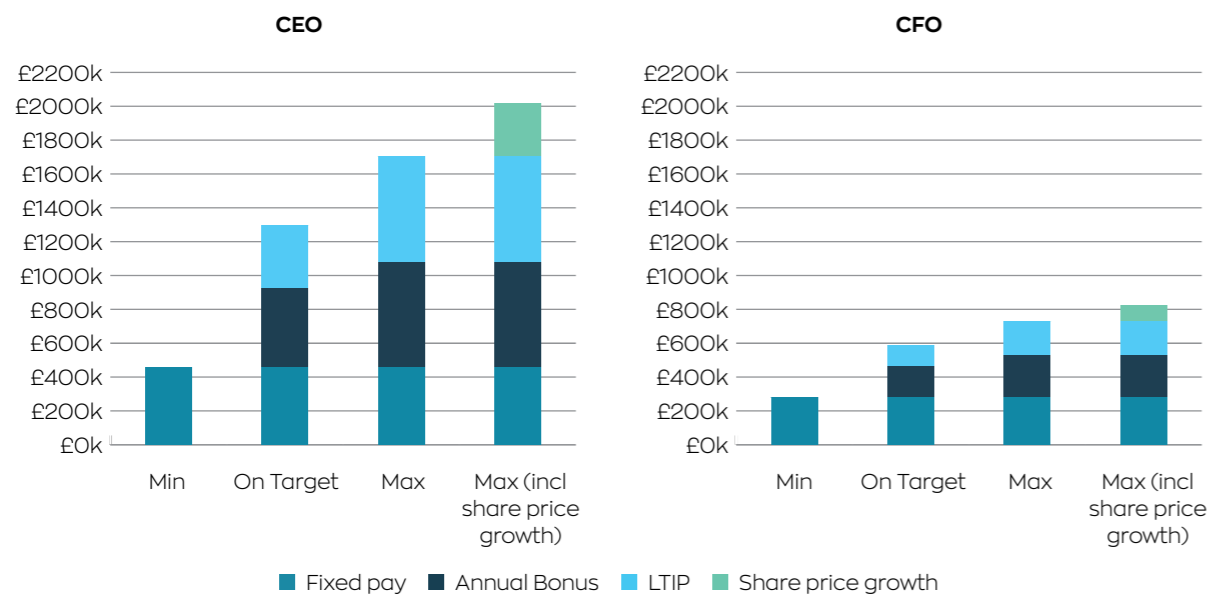
On 16 December 2024, Peter Dixon-Clarke resigned as a Director and CFO with immediate effect, remaining an employee of the Company until 31 December 2024. Peter left with good leaver status but received no remuneration beyond contractual requirements. The Remuneration Committee agreed to allow partial vesting of Peter's joining options reflecting him fully serving two years with the Company ahead of the original vesting date as grant of these options had been delayed by a closed period at the time. These options lapsed without exercise on 30 June 2025, six months after Peter ceasing employment. Karl Bostock was appointed as CFO on 20 January 2025.

As detailed in the 2024 Annual Report, John Wilson and Karl Bostock received certain share option grants on joining, as agreed prior to the start of their employment at AFC Energy to compensate them for bonus and LTIP awards forfeited from their previous employers.

The details of this remuneration are covered in the tables below.

### Pay scenario charts

The charts below provide estimates of the potential future reward opportunity for the current Executive Directors in financial year 2026 in line with the policy described above. The potential is split between the different elements of remuneration under four different performance scenarios: 'Minimum', 'On Target', 'Maximum' and 'Maximum with 50% share price growth' (since award date).



In illustrating potential reward opportunities, the following assumptions have been made:

Component	Minimum	On-target	Maximum	Maximum + 50% price growth
Base Salary	CEO: £416k CFO: £250k			
Benefits	In line with policy			
Pension	5% of base salary			
Annual Bonus	No bonus payable	Target bonus (75% of maximum)	Maximum bonus	
LTIP	No LTIP vesting	Threshold vesting (60% of maximum)	Maximum vesting	Maximum vesting with 50% share price growth

### Service contracts

#### Executive Directors

Service contracts for all employees, including the Executive Directors, specify reasonable notice periods, defined as normally three to six months (being six months in the case of the Executive Directors) and not exceeding one year with no additional liquidated damages clauses. Payments due on termination shall be limited to basic salary and benefits. Annual bonus payments shall be related only to the period worked and shall not extend to periods of unworked notice or gardening leave.

Executive Director	Date of Appointment
John Wilson	6 January 2025
Karl Bostock	20 January 2025

#### Non-Executive Directors

The Non-Executive Directors' letters of appointment are for an indefinite term, which may be terminated by either party giving three months' written notice except for Gary Bullard whose contract specifies one month. The Non-Executive Directors' fees are determined by the Board and the Non-Executive Directors are reimbursed all reasonable expenses incurred in attending meetings.

Non-Executive Director	Date of Appointment
Gary Bullard	15 April 2021 <sup>2</sup>
Gerry Agnew	9 September 2019
Monika Biddulph	3 December 2021
Duncan Neale	1 August 2023

### Non-Executive Director policy table

Details of the policy, introduced in the 2022 financial year, on fees paid to our Non-Executive Directors and how this policy will be implemented for the 2026 financial year are set out in the table below:

Element	Operation	Opportunity	Performance Metrics	Implementation for 2026 Financial Year
<b>Fees</b> To attract and retain high-calibre individuals to serve as Non-Executive Directors.	Fee levels are set to reflect the time, commitment and experience of the Chairman and the Non- Executive Directors, taking into account fee levels at other companies of a similar size and complexity and with other UK companies.  The fees are normally paid in cash monthly but by mutual consent may be paid in shares if this is considered appropriate. Payments of shares may be made annually instead of monthly.  Non-Executive Directors receive cash fees only and will not be granted interests in share option schemes or warrants.  The Chairman and Non-Executive Directors shall expressly not participate in any performance-related plans or bonuses.  Further additional fees may be paid to reflect additional time, Committee or Board responsibilities if this is considered appropriate.	The fees of Non-Executive Directors shall normally be reviewed annually to ensure that they are in line with market conditions and any changes to said fees will be approved by the Board as a whole following a recommendation from the Chief Executive.	N/A	No inflationary rise applied at the end of FY24. Inflationary rise of 4% applied to staff and Executive Directors at the end of FY25 was also applied to NED fees.

<sup>2</sup> On 23 July 2024 Gary Bullard commenced performing an Executive Chairman role and on 5 September 2024 became interim CEO. From 6 to 31 January 2025 he assisted in the handover to John Wilson and fully resumed his Non-Executive Chairman role from 1 February 2025).

## Remuneration Committee Report continued

### Annual Report on Remuneration

The following section provides details of how AFC Energy's remuneration policy was implemented during the 2025 financial year. The Remuneration Report has not been audited.

### Remuneration Committee membership and activities in 2025

The Remuneration Committee's members at 31 October 2025 were Gerry Agnew, who is Chair, plus Monika Biddulph and Duncan Neale. All members of the Committee are independent Non-Executive Directors. Gary Bullard, Non-Executive Chairman, was also invited to attend when appropriate.

The Committee operates under Terms of Reference which set out its duties, including reviewing all senior executive appointments and determining the Company's remuneration policy in respect of the terms of employment, including remuneration packages of Executive Directors and other designated members of senior management.

The Committee's Terms of Reference are available on request from the Company Secretary. The Remuneration Committee met formally four times during the 2025 financial year and also on an ad hoc basis when required.

The Committee continues to engage PricewaterhouseCoopers (PwC) to provide independent advice on executive remuneration matters. PwC is a signatory to the Code of Conduct for Remuneration Consultants in the UK. The fees paid to PwC in relation to advice provided to the Committee for the 2025 financial year were £68,340. The Committee evaluates the support provided by PwC annually and is comfortable that they remain independent. No non-remuneration related advice was provided by PwC to the Company in the year.

### Remuneration Committee activities during the 2025 financial year

We draw attention to the following activities and decisions of the Committee:

- Holding an advisory Remuneration Report resolution vote at the 2025 Annual General Meeting on a voluntary basis and consultation with institutional shareholders in respect of this vote.
- Maintaining a Remuneration Committee which is made up entirely of independent Non-Executive Directors with relevant experience, and that complies with the QCA Code.
- Review and approval of (i) the Executive Directors' performance against the annual objectives and determination of performance targets for the year ahead; and (ii) remuneration arrangements for the wider leadership team, including for the newly recruited Chief Strategy Officer and Chief Commercial Officer.
- Operating an LTIP scheme for Executive Directors and senior leaders in the business.
- Maintaining an equal pension policy for our entire workforce, including Executive Directors.
- Consulting and maintaining an open dialogue with shareholders and advisory bodies on all key remuneration decisions.

During the year, the Committee sought internal support from the Chairman of the Board and the Chief Executive Officer, who attended Committee meetings by invitation from the Committee Chair, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior leaders.

### 2025 Annual General Meeting

In an advisory vote, the Company's Remuneration Report received 77.09% proxy votes in favour at the Annual General Meeting on 23 April 2025. We noted that although the resolution was duly passed, a significant minority of shareholders voted against this resolution. Accordingly, and mindful of the Company's obligations under the QCA Corporate Governance Code 2023, we engaged further with institutional shareholders in order to better understand the reasons behind the result. Having carefully considered the feedback provided, the Committee and the Board maintained the view that the Remuneration Report approved at the AGM was in the best interests of value creation for all shareholders. We thank our institutional shareholders for their participation in this review.

### Single total figure of remuneration for Directors

The table below sets out a single figure for the total remuneration received by each Director for the financial year ended 31 October 2025:

FYE	Basic salary/fees (£k)		Taxable benefits (£k)		Pension (£k)		Annual bonus (£k)		Total (£k)	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>Executive Director</b>										
John Wilson	331	-	19	-	17	-	408	-	775	-
Karl Bostock	189	-	15	-	7	-	156	-	367	-
Peter Dixon-Clarke <sup>1</sup>	45	232	1	7	8	11	-	-	168	250
Gary Bullard <sup>2</sup>	112	106	-	-	-	-	-	-	112	106
<b>Non-Executive Director</b>										
Gary Bullard	104	104	-	-	-	-	-	-	104	104
Gerry Agnew	52	52	-	-	-	-	-	-	52	52
Monika Biddulph	52	52	-	-	-	-	-	-	52	52
Duncan Neale	52	52	-	-	-	-	-	-	52	52
	<b>937</b>	<b>598</b>	<b>35</b>	<b>7</b>	<b>32</b>	<b>11</b>	<b>564</b>	<b>-</b>	<b>1,682</b>	<b>616</b>

<sup>1</sup> During FY25 Peter Dixon-Clarke received total of £114,000 termination benefits.

<sup>2</sup> Gary Bullard had a share-based payment of £112k in the year for his time as Executive Chairman – period 01 Nov 2024 to 31 Jan 2025.

### LTIPs awarded in the 2025 financial year

LTIPs based on Performance Share Plans (PSP) were awarded in August 2025 following half year results. The 50% split between absolute and relative TSR was retained as were threshold and maximum payout levels for the absolute portion as shown in the table immediately below.

The Company's annualised TSR over the Performance Period	Percentage of portion of Option subject to Absolute TSR Target that Vests
Less than 15% p.a.	Nil
15% p.a.	25%
Between 15% p.a. and 30% p.a.	Pro rata between 25% and 100%
30% p.a. or more	100%
The Company's TSR compared to the Comparator Index Performance, including the Company	Percentage of portion of Option subject to Relative TSR Performance Target that Vests
Below the Comparator Index Performance	Nil
In line with the Comparator Index Performance	25%
Between the Comparator Index Performance and the Comparator Index Performance plus 15% p.a.	Pro rata between 25% and 100%
Comparator Index Performance plus 15% p.a. or more	100%

For the relative element, the Executive Directors were keen to switch to a metric that more directly represented their peers from an investor perspective. Recognising the need to simplify checking performance and avoid the need to calculate rankings, the Remuneration Committee revised the relative LTIP component to make a direct comparison of performance vs the widely available AIM 100 index. The new parameters for the relative element are provided immediately below. As with all previous LTIP awards the Remuneration Committee reserved the right to apply discretion to revise unforeseen outcomes.

Remuneration Committee Report continued**Directors' interests in shares and options**

On 31 October 2025 the Executive Directors' interests over share options in the Company were:

		Number of shares under option						
	Date of grant	At 01 November 2024	Awarded in year	Exercised in year	Forfeited	Lapsed	At 31 October 2025	Expiry Date
John Wilson	06 January 2025	-	9,389,671	-	-	-	9,389,671	07 January 2035
John Wilson	01 August 2025	-	5,860,520	-	-	-	5,860,520	01 August 2038
		-	<b>15,250,191</b>	-	-	-	<b>15,250,191</b>	
Karl Bostock	20 January 2025	-	5,405,405	-	-	-	5,405,405	01 January 2035
Karl Bostock	01 August 2025	-	2,344,208	-	-	-	2,344,208	01 August 2038
		-	<b>7,749,613</b>	-	-	-	<b>7,749,613</b>	
Peter Dixon-Clarke	28 April 2023	500,000	-	-	170,000	330,000	-	
Peter Dixon-Clarke	01 June 2023	978,042	-	-	-	978,042.00	-	
Peter Dixon-Clarke	02 May 2024	1,238,592	-	-	-	1,238,592	-	
		<b>2,716,634</b>	-	-	170,000	<b>2,546,634</b>	-	
		<b>2,716,634</b>	<b>22,999,804</b>	-	170,000	<b>2,546,634</b>	<b>22,999,804</b>	

And for shares:

	Number of shares at 31 October 2025	% of salary at 31 October 2025
<b>Executive Directors</b>		
John Wilson	7,000,000	180%
Karl Bostock	1,443,374	65%
<b>Non-Executive Directors</b>		
Gary Bullard	5,705,000	465%
Gerry Agnew	621,684	102%
Monika Biddulph	116,666	19%
Duncan Neale	-	N/A

**Implementation of policy for the 2026 financial year**

For the 2026 financial year, the annual bonus continues to use a blend of financial, operational and ESG objectives but with emphasis adjusted in line with the business's further shift to being commercially driven. Contracted orders are prioritised ahead of revenue with 20% and 10% weightings respectively. However, cash remains the highest priority so that sufficient working capital can be in place to follow through on orders of new Hy-5 crackers and LC30 fuel cell units. Consequently, cash management is given the highest weighting of 50% with safeguards for limiting shareholder dilution. The remainder of the objectives emphasise delivering key proof points to strengthen the balance sheet. 15% is allocated for combined product delivery, which for cracker product lines requires a successful Factory Acceptance Test of the new Hy-5 unit and for fuel cells, manufacture and shipment of the first ten cost reduced LC30 units. The remaining 5% bonus tranche is tied to continued strong delivery in HSE, key to underpinning operations in an energy intense market.

LTIP awards are anticipated to be granted during the year with entirely absolute TSR conditions in line with policy described above.

**Closing remarks**

The Remuneration Committee is critical in ensuring that we can attract, motivate and retain the executive and senior management team needed to drive the business forward. We continue to be guided by investors, employees and other key stakeholders to ensure the alignment between their interests and our approach to remuneration, and look forward to their continued support.

**Gerry Agnew**

Remuneration Committee Chair

24 February 2026

## Directors' Report

The Directors present their report together with the audited financial statements for the 2025 financial year. The comparative period was from 1 November 2023 to 31 October 2024.

### Principal activity and review of future business developments

The principal activity of the Company is the development of fuel cell and fuel processing technology and equipment.

A review of future business developments is included within the Chairman's and Chief Executive's Statements and the Financial Review on pages 14-15, 16-17 and 24-27 respectively.

### Results and dividends

The operating loss before tax for the year was £25.5m (2024: £19.3m).

No dividends were paid in the year. No dividend will be paid in respect of the current year.

### Board members

Details of the Board membership during the period are set out in the Nomination Report.

On 31 October 2025 the beneficial interests of Directors and their families in the equity share capital of the Company were:

Name	Number of ordinary shares of 0.1p 2025	Number of ordinary shares of 0.1p 2024
Gerry Agnew	621,684	621,684
Gary Bullard	5,705,000	766,667
Monika Biddulph	116,666	66,666
Karl Bostock	1,443,374	0
John Wilson	7,000,000	0

None of the other Directors had a direct interest over share capital during the reporting period. Peter Dixon-Clarke resigned as a Director effective 16 December 2024, holding 66,666 ordinary shares of 0.1p at such date.

Significant shareholdings of greater than 3.00% at 30 January 2026	%
Hargreaves Lansdown	14.44%
Interactive Investor	11.68%
Janus Henderson Investors	8.15%
HSDL	5.19%
AJ Bell	4.03%
Barclays Smart Investor	3.75%

### Financial instruments

Financial instruments are disclosed in note 26 of the financial statements.

### Liability insurance for Company officers

The Company maintains Directors' and Officers' liability insurance cover for its Directors and Officers to the extent permitted under the Companies Act 2006.

### Research and development

The Company invests substantially in research and development and makes claims under the Government's R&D tax credit scheme. In the year, the Company invested £11.7m (2024: £9.5m) in research and development, the majority of which is expected to qualify under the UK Government's R&D tax credit scheme.

### Financial Instruments and risk management

The responsibility of the Board is to determine financial risks and delegate to the finance function their management by setting policies and objectives. The management of credit, liquidity and interest rate risks are set out in note 26 to the financial statements.

### Going concern

See disclosures within the Financial Review and notes to the accounts.

### Events after the reporting period

None of which are disclosable.

### Disclosure of information to the Auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware;
- the Directors have taken all the steps they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

### Auditor

A resolution to reappoint the Auditor of the Company, Grant Thornton UK LLP for financial year 2026, will be proposed at the forthcoming Annual General Meeting. Grant Thornton UK LLP have expressed their willingness to continue as Auditor of the Company. As further detailed in the Audit and Risk Committee Report on pages 48-49, it is the Company's intention to conduct a tender process for the external audit role in the next financial year.

**Brendan Keane**  
Company Secretary

24 February 2026

## Statement of Directors' Responsibilities

### In respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under such law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including UK-adopted international accounting standards). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Website Publications

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

**Brendan Keane**  
Company Secretary

24 February 2026



# Financial Statements

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# Independent auditor’s report to the members of AFC Energy Plc

## Opinion

### Our opinion on the financial statements is unmodified

We have audited the financial statements of AFC Energy Plc (the ‘Company’) for the year ended 31 October 2025, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Cash flow statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 October 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

A description of our evaluation of management’s assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the key audit matters section of our report.

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Our approach to the audit



## Overview of our audit approach

Overall materiality: £1,000,000, which represented 4.5% of the Company’s forecast loss before tax for the year at the planning stage of our audit.

A key audit matter was identified as going concern (same as previous year).

Our auditor’s report for the year ended 31 October 2024 included a key audit matter related to the financial reporting considerations relating to the joint venture arrangement, pinpointed to the revenue recognised on sales to the joint venture entity. This has not been reported as key audit matter in our current year’s report because the Company has not recognised any revenue from the joint venture entity in the current year.

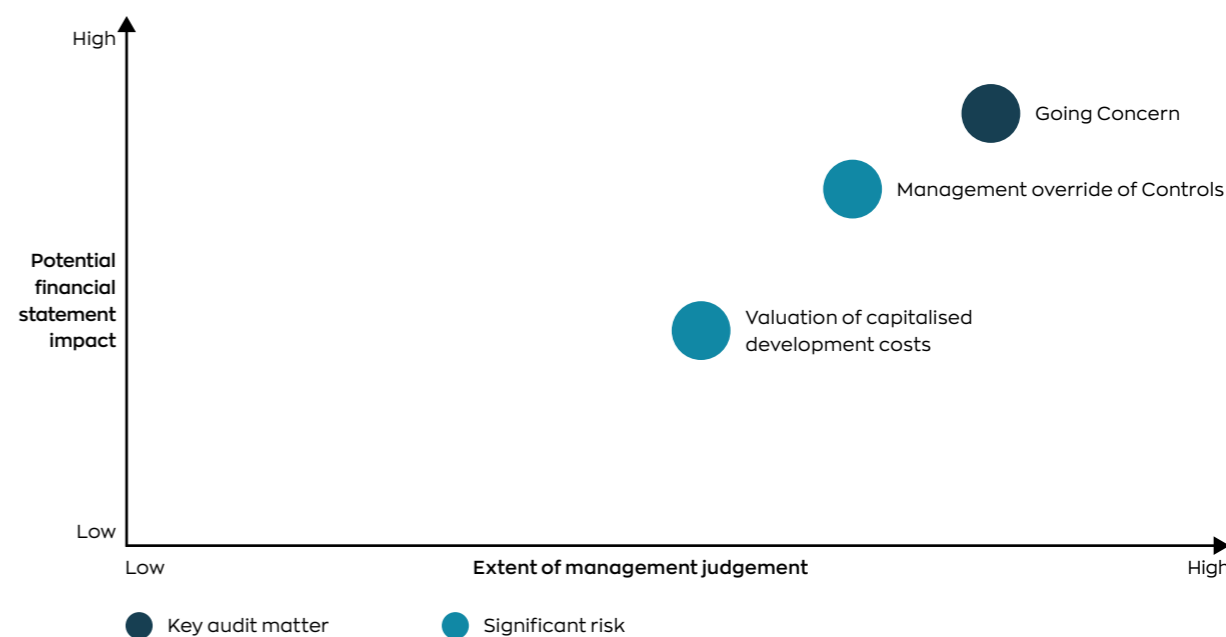
We performed an audit of the financial statements of the Company. A site visit was completed as part of our audit procedures.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.



## Independent auditor’s report continued to the members of AFC Energy Plc

Key Audit Matter	How our scope addressed the matter
<p><b>Going concern</b></p> <p>We identified management’s assessment of the going concern basis of preparation of these financial statements as one of the most significant assessed risks of material misstatement due to error. This is reflective of the Company’s stage of development as it is transitioning to one which is commercially viable.</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained and assessed management’s assessment of going concern, which includes management’s base case and sensitised forecasts.</li> <li>• Challenged management on the appropriateness of the going concern assessment period adopted by management.</li> <li>• Assessed management’s forecasting accuracy by comparing the accuracy of actual financial performance to previous forecast information.</li> <li>• Evaluated the key inputs and assumptions underpinning the base case forecast, including key assumptions relating to the expected ramp up of operations and timeline for that to occur, including outlays and expected inflows from revenues.</li> <li>• Evaluated the robustness of the downside scenarios modelled by management.</li> <li>• Evaluated the availability and impact of mitigating actions.</li> <li>• Challenged management on the sufficiency and appropriateness of the disclosures within the notes to the financial statements.</li> </ul>
<p><b>Relevant disclosures in the Annual Report and Accounts 2025</b></p> <ul style="list-style-type: none"> <li>• Financial statements: Note 2, Going concern.</li> </ul>	<p><b>Our observations</b></p> <p>We have nothing further to add in addition to that stated in the ‘conclusions relating to going concern’ section of our report.</p>

### Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor’s report.

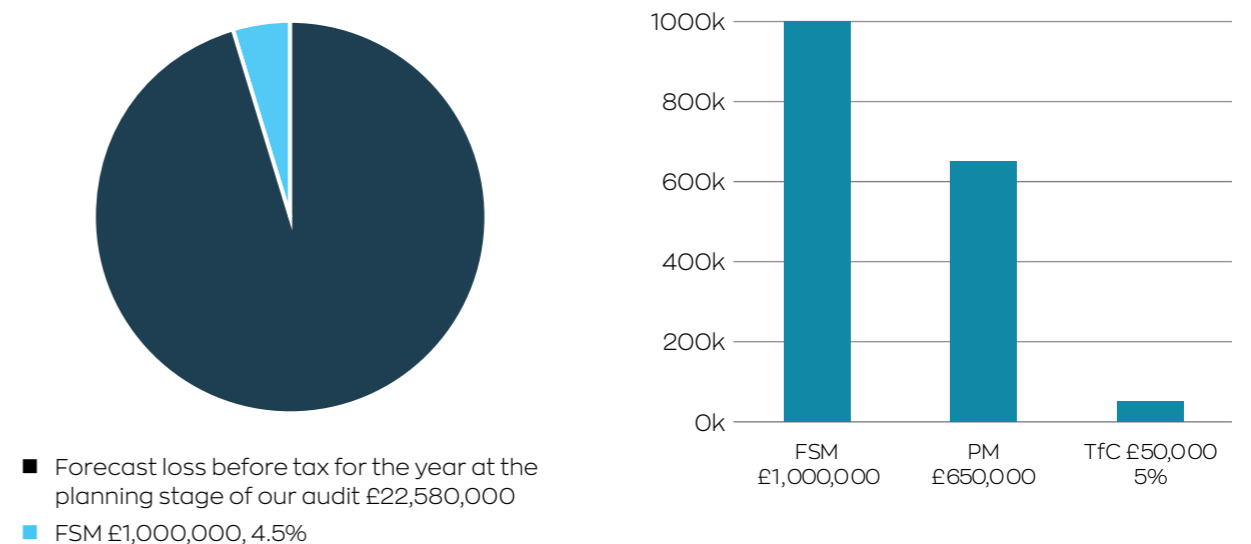
Materiality was determined as follows:

Materiality measure	Company
<b>Materiality for financial statements as a whole</b>	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£859,000 (2023: £742,000), which represents 4.5% of the Company’s average loss before tax from the previous two years and the provisional result for the current year.
Significant judgements made by auditor in determining materiality	<p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>• Loss before tax is considered the most appropriate benchmark due to the Company being within the development phase of its lifecycle. It is also a relevant performance measure for the Company and therefore of interest to stakeholders.</li> <li>• The engagement team selected a measurement percentage of 4.5% of the Company’s forecast loss before tax for the year. This was based on the complexity and the size of the Company and the continuing uncertainties in the macro-economic environment.</li> </ul> <p>Materiality for the current year is higher than the level that we determined for the year ended 31 October 2024 to reflect the increase in the Company’s forecast loss before tax for the year as compared to the average over the previous 3 years.</p>

Materiality measure	Company
<b>Performance materiality used to drive the extent of our testing</b>	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£650,000 (2024: £558,000), which is 65% (2024: 65%) of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we considered all pertinent facts from prior period audits, including the level of misstatements and the Company’s control environment.
<b>Specific materiality</b>	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality	We determined a lower level of specific materiality for the directors’ and key management personnel remuneration.
<b>Communication of misstatements to the audit and risk committee</b>	We determine a threshold for reporting unadjusted differences to the audit and risk committee.
Threshold for communication	£50,000 (2024: £43,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the threshold for communication to the audit and risk committee.

### Overall materiality



FSM: Financial statement materiality, PM: Performance materiality, Tfc: Threshold for communication to the audit and risk committee.

## Independent auditor's report continued

to the members of AFC Energy Plc

### An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Company's business and in particular matters related to:

#### Understanding the Company, its environment, including controls

- the engagement team obtained an understanding of the Company and its environment, including the controls, and assessed the risks of material misstatement.

#### Work to be performed on financial information of the Company (including how it addressed the key audit matters)

- an audit of the financial information of the Company has been completed to financial statement materiality, with specific focus on going concern, which was identified as a key audit matter.

#### Performance of our audit

- an audit was performed by the engagement team, including an evaluation of the internal control environment and related management controls over the financial processes linked to the significant risks;
- the engagement team evaluated the general IT controls, the accounts production process and controls over critical accounting matters;
- the engagement team undertook substantive testing on significant transactions, balances and disclosures, the extent of which was dependent on various factors including our overall assessment of the control environment and the management of specific risks; and
- the engagement team completed a site visit of the Company's premises at the planning and fieldwork stages of the audit.

#### Changes in approach from previous period

There are no changes in scope to report.

### Other information

The other information comprises the information included in the Annual Report and Accounts 2025, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts 2025. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

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

### Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

### Matters on which we are required to report by exception

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

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

### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 61, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We determined that the following laws and regulations were the most significant: the Companies Act 2006, UK-adopted international accounting standards, the AIM Rules for Companies, tax legislation and the QCA Corporate Governance Code.
- We enquired of management and those charged with governance concerning the Company's policies and procedures relating to the identification, evaluation and compliance with laws and regulations and the detection and response to the risks of fraud. We also enquired of management and those charged with governance as to whether they were aware of any instances of non-compliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud. We corroborated the results of our enquiries to relevant supporting documentation.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. Audit procedures performed included:
  - identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - challenging assumptions and judgements made by management in its significant accounting estimates; and
  - Identifying and testing those journal entries matching certain risk criteria which may be indicative of irregularity

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the Company operates; and
  - understanding of the legal and regulatory requirements specific to the Company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

### Use of our report

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

**Joanne Love**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

Date: 24 February 2026

## Statement of comprehensive income

For the year ended 31 October 2025

	Note	Year Ended 31 October 2025 £000	Year Ended 31 October 2024 £000
Revenue from customer contracts	5	125	4,002
Cost of sales		(232)	(5,868)
<b>Gross loss</b>		<b>(107)</b>	<b>(1,866)</b>
Other income	6	294	429
Expected Credit Losses	19	(2,937)	-
Operating costs	7	(22,851)	(18,133)
<b>Operating loss</b>		<b>(25,601)</b>	<b>(19,570)</b>
Finance income	11	213	316
Finance costs	11	(66)	(55)
<b>Loss before tax</b>		<b>(25,454)</b>	<b>(19,309)</b>
Taxation	12	3,259	1,890
<b>Loss for the financial year and total comprehensive loss attributable to the owners of the Company</b>		<b>(22,195)</b>	<b>(17,419)</b>
Basic loss per share (pence)	13	(2.41)	(2.22)
Diluted loss per share (pence)	13	(2.41)	(2.22)

All amounts relate to continuing operations. There was no other comprehensive income in the year (2024: £nil).

The notes on pages 74 to 100 form part of these financial statements.

## Statement of financial position

As at 31 October 2025

	Note	31 October 2025 £000	31 October 2024 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	14	8,738	4,626
Right-of-use assets	15	175	646
Investment in joint venture	16	625	625
Property, plant and equipment	17	2,508	4,666
		<b>12,046</b>	<b>10,563</b>
<b>Current assets</b>			
Inventory	18	-	1,948
Trade and other receivables	19	1,923	6,737
Income tax receivable		3,159	1,517
Restricted cash		-	433
Short term investments	20	11,000	-
Cash and cash equivalents	20	14,317	15,374
		<b>30,399</b>	<b>26,009</b>
<b>Total assets</b>		<b>42,445</b>	<b>36,572</b>
<b>Current liabilities</b>			
Trade and other payables	21	5,630	4,955
Asset finance		63	-
Lease liabilities	22	141	505
Provisions	23	96	217
		<b>5,930</b>	<b>5,677</b>
<b>Non-current liabilities</b>			
Lease liabilities	22	19	159
Asset finance		62	-
Provisions	23	39	468
		<b>120</b>	<b>627</b>
<b>Total liabilities</b>		<b>6,050</b>	<b>6,304</b>
<b>Capital and reserves attributable to the owners of the Company</b>			
Share capital	24	1,131	854
Share premium	24	159,046	133,555
Other reserve		7,054	4,629
Retained loss		(130,836)	(108,770)
<b>Total equity attributable to shareholders</b>		<b>36,395</b>	<b>30,268</b>
<b>Total equity and liabilities</b>		<b>42,445</b>	<b>36,572</b>

The notes on pages 74 to 100 form part of these financial statements.

These financial statements were approved and authorised by the Board on 24 February 2026.

**John Wilson**  
Chief Executive Officer

**Karl Bostock**  
Chief Financial Officer

AFC Energy Plc – registered number 05668788

## Statement of changes in equity

For the year ended 31 October 2025

	Share capital £000	Share premium £000	Other reserve £000	Retained loss £000	Total £000
Balance at 1 November 2023	746	118,520	3,779	(91,960)	31,085
Loss after tax for the year	-	-	-	(17,419)	(17,419)
Issue of equity shares	105	14,810	-	-	14,915
Equity-settled share-based payments					
- Lapsed or exercised in the year	3	225	(609)	609	228
- Charged in the year	-	-	1,459	-	1,459
<b>Balance at 31 October 2024</b>	<b>854</b>	<b>133,555</b>	<b>4,629</b>	<b>(108,770)</b>	<b>30,268</b>
Loss after tax for the year	-	-	-	(22,195)	(22,195)
Issue of equity shares	275	25,491	-	-	25,766
Equity-settled share-based payments					
- Equity settled remuneration	-	-	557	-	557
- Exercised in the year	2	-	-	-	2
- Lapsed in the year	-	-	(129)	129	-
- Charged in the year	-	-	1,997	-	1,997
<b>Balance at 31 October 2025</b>	<b>1,131</b>	<b>159,046</b>	<b>7,054</b>	<b>(130,836)</b>	<b>36,395</b>

Share capital is the amount subscribed for shares at the nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses. The issue of shares above is presented net of issue cost (refer to Note 24 for further details on issue costs).

Other reserve represents the charge to equity in respect of unexercised equity-settled share-based payments and warrants granted.

Retained loss represents the cumulative loss of the Company attributable to equity shareholders of the parent company.

The notes on pages 74 to 100 form part of these financial statements.

## Cash flow statement

For the year ended 31 October 2025

	Note	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
<b>Cash flows from operating activities</b>			
Loss before tax for the year		(25,454)	(19,309)
Adjustments for:			
Amortisation of intangible assets	14	1,049	81
Depreciation of right-of-use assets	15	471	470
Depreciation of property, plant and equipment	17	2,728	2,043
Loss on disposal of property, plant and equipment	17	145	-
Share-based payments	25	1,997	1,459
Staff costs settled in equity		558	-
Finance income		(213)	(316)
Lease finance charges		29	41
Inventory write down		2,573	-
Movement in expected credit losses	7	2,937	-
Income recognised on government grants		(45)	-
R&D tax credits receivable		-	(224)
<i>Working capital changes:</i>			
Decrease in restricted cash		434	(176)
(Increase) in inventory		(625)	(1,770)
Decrease in receivables		1,860	(5,506)
(Decrease) in payables		(1,133)	1,227
(Increase) in provisions		(550)	384
		<b>(13,239)</b>	<b>(21,596)</b>
R&D tax credits received		1,616	2,685
<b>Net cash flows from operating activities</b>		<b>(11,623)</b>	<b>(18,911)</b>
Capital investment in joint venture	16	-	(625)
Purchase of plant and equipment	17	(724)	(2,952)
Government grant received		1,871	-
Additions to intangible assets	14	(5,160)	(4,443)
Term deposits	26	(11,000)	-
Interest received	11	213	316
<b>Net cash flows used in investing activities</b>		<b>(14,800)</b>	<b>(7,704)</b>
Proceeds from the issue of share capital		27,473	15,792
Proceeds from the exercise of options		2	228
Asset finance		125	-
Cost of issue of share capital	24	(1,707)	(877)
Lease finance charge		(29)	(41)
Lease payments	22	(498)	(520)
<b>Net cash flows from financing activities</b>		<b>25,366</b>	<b>14,623</b>
Net increase/(decrease) in cash and cash equivalents		(1,057)	(11,992)
Cash and cash equivalents at the start of the year		15,374	27,366
<b>Cash and cash equivalents at the end of the year</b>	20	<b>14,317</b>	<b>15,374</b>

The notes on pages 74 to 100 form part of these financial statements.

# Notes forming part of the financial statements

## 1. Corporate information

AFC Energy Plc (the Company) is a public limited company incorporated in England & Wales. The address of the registered office is Unit 68.3, Dunsfold Park, Cranleigh, Surrey, GU6 8TB. The Company is quoted on the AIM Market of the London Stock Exchange with the ticker symbol LSE: AFC.

The principal activity of the Company is the development and manufacturing of fuel cells and development of fuel processing technology and equipment.

## 2. Accounting policies

### Accounting convention

The financial statements of AFC Energy Plc for the year ended 31 October 2025 have been prepared in accordance with UK adopted international accounting standards and with the provisions of the Companies Act 2006.

The Company has taken advantage of the exemption under Section 402 of the Companies Act 2006, which allows a parent Company not to prepare consolidated financial statements where its subsidiaries are immaterial both individually and in aggregate.

The Directors have assessed the size, nature, and financial impact of the Company's subsidiaries and have concluded that they are immaterial for the purpose of presenting a true and fair view of the Company's financial position. Accordingly, the Company has not prepared consolidated financial statements and instead has prepared individual financial statements in accordance with applicable accounting standards.

The Company accounts for its investment in joint ventures at cost in accordance with IAS 27 Separate Financial Statements. For further details refer to the accounting policy note below.

These financial statements are prepared in pounds sterling and rounded to the nearest thousand.

### Going concern

The Directors have prepared and reviewed forecasts for the period ending February 2027 which they consider to be the appropriate period for assessing going concern. Whilst events and conditions beyond this period of assessment have been considered, in the judgement of the Directors and throughout, such events and conditions do not require an extension to the period of assessment. Longer-term factors are included in the Financial Review section within the Strategic Report.

The base case forecast predominantly includes the continuation of the development of the Hy-5 ammonia cracker and the next generation of Fuel Cell products together with their associated costs and the fixed running costs of the business offset by a moderate volume of equipment and gas sales from the products developed. The sales commence in September 2026 and ramp steadily. In this base case scenario, the forecasts show that the business has sufficient resources throughout the assessment period.

As with prior years, the Directors have applied sensitivities to the above base case when considering their opinion on going concern. The sensitivities considered were:

- a 50% reduction in sales volumes;
- a 6-month slippage in project delivery;
- the timing and quantum of expected R&D tax credits.

These sensitivities have been applied without any management action and the Directors have the ability to control the cost base as well as slow down the pace of development in order to preserve cash if one or more of the scenarios became a reality.

Given the outcome of the assessment above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being the period to 28 February 2027. Accordingly, the directors continue to adopt the going concern basis of preparation in these financial statements.

### Standards, amendments and interpretations to published standards not yet effective

The following amendments to International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the UK, are effective for annual periods beginning on or after 1 November 2024. The Company has adopted these amendments from 1 November 2024, where applicable, and their adoption has not had a material impact on the Company's results, financial position, or disclosures:

- IAS 1 (amended) – Classification of Liabilities as Current or Non-current; Non-current Liabilities with Covenants: Amends the requirements for classifying liabilities as current or non-current and introduces new disclosure requirements for covenants (IAS 1.69–76, 76ZA–76ZB).
- IFRS 16 (amended) – Lease Liability in a Sale and Leaseback: Amends the measurement requirements for lease liabilities arising in sale and leaseback transactions (IFRS 16.100A–100B).
- IAS 7 and IFRS 7 (amended) – Supplier Finance Arrangements: Introduces new disclosure requirements for supplier finance arrangements (IAS 7.44F–44I, IFRS 7.39A–39C).

The following standard and amendments issued by the IASB have been endorsed by the UK and have not been adopted by the Company. The Company intends to adopt these new and amended standards and interpretations,

if applicable, when they become effective:

- IAS 21 (amended) – Lack of Exchangeability: Provides guidance on how to determine the spot exchange rate when exchangeability between two currencies is lacking (IAS 21.8A–8D), effective for annual periods beginning on or after 1 January 2025.
- IFRS 18 – Presentation and Disclosure in Financial Statements: A new standard replacing IAS 1, effective for annual periods beginning on or after 1 January 2027.
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures: Provides reduced disclosure requirements for eligible subsidiaries, effective for annual periods beginning on or after 1 January 2027.
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments: Amendments relating to financial assets with ESG-linked features and settlement of financial liabilities by electronic payments, effective for annual periods beginning on or after 1 January 2026.

### Capital policy

The Company manages its equity as capital. Equity comprises the items detailed within the principal accounting policy for equity and financial details can be found in the statement of financial position. The Company adheres to the capital maintenance requirements as set out in the Companies Act 2006.

### Revenue recognition

Revenue is recognised in accordance with IFRS 15 using the following five-step model:

- Identify the contract with a customer.
- Identify performance obligations.
- Determine the transaction price.
- Allocate the transaction price to performance obligations.
- Recognise revenue as performance obligations are satisfied.

Revenue arises from:

- Sale of goods and parts.
- Sale of services and maintenance.
- Short-term rental contracts.

Contracts are assessed to determine whether performance obligations are satisfied at a **point in time or over time**:

- **Point in time:** Standard product sales are recognised when control transfers to the customer, typically at factory or site acceptance.
- **Over time:** Customised products, rentals, and long-term service agreements are recognised based on progress toward completion, using input or output methods as appropriate.

Consideration received in advance of performance is recorded as deferred revenue; conversely, performance ahead of consideration is recorded as a contract asset.

### Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The Company presents grants related to an expense item as other operating income in the statement of comprehensive income.

When the grant relates to an asset, it is recognised as other operating income in equal amounts over the expected useful life of the related asset.

### Foreign currency

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (the functional currency) which is pounds sterling. In accordance with IAS 21, transactions entered by the Company in a currency other than the functional currency are recorded at the rates ruling when the transactions occur.

At each Statement of Financial Position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date of the Statement of Financial Position.

### Inventory

Inventory is recorded at the lower of actual cost and net realisable value, applying the average cost methodology.

Work in progress comprises direct labour, direct materials, and direct overheads. Direct labour is allocated on an input basis that reflects the consumption of those resources in the production process.

## Notes forming part of the financial statements continued

### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash balances and bank overdrafts that form an integral part of the Company's cash management process. They are recorded in the statement of financial position and valued at amortised cost.

Restricted cash represents bank deposit accounts where disbursement is dependent upon certain contractual performance conditions.

### Term deposits

Term deposits with original maturities exceeding three months are not classified as cash and cash equivalents under IAS 7. These instruments are instead recognised as short-term investments (or financial assets), with their carrying amount based on amortised cost. Any interest income is accrued and recognised in profit or loss over the deposit period, consistent with the effective interest method.

### Other receivables

These assets are initially recognised at fair value and are subsequently measured at amortised cost less any provision for impairment.

### Property, plant and equipment

Property and equipment are stated at cost less any subsequent accumulated depreciation and impairment losses. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Depreciation is charged to the statement of comprehensive income within cost of sales and/or operating expenses on a straight-line basis over the estimated useful lives of each part of an item of plant, machinery, and equipment. Depreciation of the assets commences when the assets are available for use. The estimated useful lives are as follows:

Decommissioning asset	Life of the contract
Leasehold improvements	Life of the lease
Plant, machinery and equipment	3 to 10 years

Expenses incurred in respect of the maintenance and repair of property and equipment are charged against income when incurred. Refurbishment and improvement expenditure, where the benefit is expected to be long lasting, is capitalised as part of the appropriate asset.

The useful economic lives of tangible fixed assets are reviewed annually, and any revision is accounted for as a change in accounting estimate and the net book value of the asset, at the time of the revision, is depreciated over the remaining revised economic life of the asset.

### Right-of-use assets

At inception each contract is assessed as to whether it conveys the right to control the use of an identified asset and obtain substantially all the economic benefits from the use of that asset, for a period in exchange for consideration. If so, the contract should be accounted for as a lease and the Company should recognise a right-of-use asset, and related lease liability, at the lease commencement date.

The right-of-use assets comprise the corresponding lease liability, lease payments made before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The lease liability is initially measured at the present value of the lease payments and discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the incremental borrowing rate is used. The lease liability continues to be measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

At lease commencement date, a right-of-use and lease liability are recognised on the statement of financial position. The right-of-use asset is measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred, an estimate of costs to dismantle and remove the asset at the end of the lease term and any lease payments made in advance of the lease commencement date.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to in-substance payments. Interest expense is recognised in finance costs in the statement of comprehensive income.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The depreciation expense is recognised within operating costs or cost of sales depending on the nature of the underlying asset.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and low value assets are accounted for using the practical expedients set out in IFRS 16 and the payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of less than 12-months and leases of low value assets. These largely relate to short-term rentals of equipment. The lease payments associated with these leases are expensed on a straight-line basis over the lease term.

### Intangible assets

The useful economic lives of intangible fixed assets are reviewed annually, and any revision is accounted for as a change in accounting estimate and the net book value of the asset, at the time of the revision, is amortised over the remaining revised economic life of the asset. Amortisation only commences when the asset is available for use.

### Development costs

Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete with key objectives achieved as intended by management, and the asset is available for use. It is amortised over the period of expected future benefit. The amortised period is agreed by management and the Technical Advisory Board.

The following periods are used:

Capitalised Development Costs	3 to 5 years
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Amortisation is recorded in operating costs. During the period of development, the asset is assessed for impairment annually.

Research costs are expensed as incurred.

### Patent, commercial rights and trade marks

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses. Amortisation of intangible assets is charged using the straight-line method to operating expenses over the following periods:

Patents	5 to 20 years
Commercial rights	5 years
Trade marks	5 years

### Investment in joint ventures

The Company holds 50% interest in a joint venture, Speedy Hydrogen Services Limited.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company's investment in its joint venture is initially recognised at cost, including directly attributable transaction costs. Subsequently, the carrying amount is adjusted for any impairment losses, if applicable. The Company assesses the investment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

## Notes forming part of the financial statements continued

### Impairment testing of intangible assets and property, plant, and equipment

At each statement of financial position date, the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). In assessing whether an impairment is required, the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal (FVLCD) and value in use (VIU).

### Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss (FVTPL), directly attributable transaction costs. Receivables are initially recognised at transaction price. Financial instruments are recognised when the Company becomes a party to the contracts that give rise to them and are classified as amortised cost, fair value through profit or loss or fair value through other comprehensive income (FVOCI), as appropriate. The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

In the periods presented the Company does not have any financial assets categorised as FVTPL or FVOCI.

### Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and are not designated as FVTPL. Financial assets classified as amortised cost are measured after initial recognition at amortised cost using the effective interest method, less any provision for impairment. Cash, restricted cash, trade receivables, and certain other assets are classified as, and measured at, amortised cost.

### Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net earnings when the liabilities are derecognised as well as through the amortisation process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and accrued liabilities and lease liabilities are classified as, and measured at, amortised cost.

### Impairment of financial assets

A loss allowance for expected credit losses is recognised in the Statement of Comprehensive Income for financial assets measured at amortised cost. At each year end date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets (such as trade receivables) carried at amortised cost.

The expected loss rates are based on the historical credit losses adjusted to reflect current and forward-looking information on economic factors affecting the ability of the customers to settle the receivables.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date), or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

### Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset, then derecognition is appropriate. A financial liability is derecognised when the associated obligation is discharged, cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Comprehensive Income.

### Share-based payment transactions

The fair value of options granted under the Employee Share Option Plan, the Employee Performance Share Plan and the Save-As-You-Earn scheme are recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the Company's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee for a specified time);
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or hold shares for a specific period).

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Modifications after the vesting date to terms and conditions of equity-based payments which increase the fair value are recognised over the remaining vesting period. If the fair value of the revised equity-based payments is less than the original valuation, then the original valuation is expensed as if the modification never occurred.

The fair value of warrants issued is also recognised as a share-based payment expense with a corresponding increase in equity.

### Provisions

#### General

Provisions are recognised when the Company has a present obligation because of a past event and it is probable that the Company will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date and are discounted to present value where the effect is material.

#### Warranty provisions

Warranty provisions are recognised for the estimated liability to repair or replace products under warranty at the time revenue is recognised. The provision is an estimate calculated based on most likely serviceable component to wear out at modular and generator level, level of volumes, product mix and repair and replacement cost.

#### Decommissioning liability

The Company records a provision for decommissioning costs to remediate the environmental damage of a manufacturing facility for supply of hydrogen fuel. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount, where material, is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Tax due for the current and prior periods is recognised as a liability, to the extent that it has not yet been settled, and as an asset if the amounts already paid exceed the amount due. The benefit of a tax loss which can be carried back to recover current tax of a prior period is recognised as an asset.

Current tax assets and liabilities are measured at the amount expected to be paid to/ recovered from taxation authorities, using the rates/laws that have been enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit or taxable profit.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A deferred tax asset is recognised for an unused tax loss carry forward or unused tax credit if, and only if, it is considered probable that there will be sufficient future taxable profit against which the loss or credit carry forward can be utilised.

## Notes forming part of the financial statements continued

### R&D tax credits

For accounting periods beginning on or after 1 April 2024, the UK government has merged the previous SME R&D Tax Relief Scheme and the Research & Development Expenditure Credit (RDEC) Scheme into a single R&D Expenditure Credit (RDEC) regime, with the exception of loss-making, R&D intensive SMEs who may claim under the Enhanced R&D Intensive Support (ERIS) regime (Finance Act 2024).

If the Company qualifies for the Enhanced R&D Intensive Support (ERIS) scheme under the merged R&D regime. In accordance with IAS 12 Income Taxes, all R&D tax credits are treated as income tax items. The credits are recognised within the taxation line in the statement of comprehensive income, reflecting their nature as refundable tax credits.

The Company will continue to monitor developments in R&D tax relief legislation and guidance and will update its accounting policy as required to ensure compliance with the latest standards and HMRC requirements.

### Pension contributions

The Company operates a defined contribution pension scheme which is open to all employees and makes monthly employer contributions to the scheme in respect of employees who join the scheme. These employer contributions are capped at 5% of the employee's salary and are reflected in the statement of comprehensive income in the period for which they are made.

The amount recognised in the period is the contribution payable in exchange for services rendered by employees during the period.

## 3. Critical accounting judgments and key sources of estimation uncertainty

In the preparation of the financial statements, management makes certain judgments and estimates that impact the financial statements. While these judgments are continually reviewed, the facts and circumstances underlying these judgments may change, resulting in a change to the estimates that could impact the results of the Company. In particular:

### Critical accounting judgments

The following are the judgments made by management in applying the accounting policies of the Company that have the most significant effect on the financial statements:

#### Capitalisation of development expenditure

The Company capitalises costs for product development projects. Such costs include non-recurring engineering, design costs, and prototype costs. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. All development costs associated with the fuel cell cash generating (production) unit have been capitalised from the point of signing the Supply and Maintenance Agreement with Speedy Hydrogen Solutions (SHS) Limited on 14th November 2023. A key milestone for all liquid-cooled fuel cell related projects was the signing of the exclusive distribution agreement with Tamgo group on 4th September 2023 and therefore all development costs, related to liquid-cooled projects incurred the year ended 31 October 2025 have been capitalised on projects related to this.

For the fuel processing cash generating unit a key milestone event for establishing economic feasibility was the externally verified Hydrogen purity output, announced via RNS on 4th December 2023.

In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. At 31 October 2025, the carrying amount of capitalised development costs was £5,587,000 for fuel cell manufacturing technologies and £2,998,000 for fuel processing.

#### Identification of cash generating units

The Company performs impairment assessments in accordance with IAS 36 Impairment of Assets. A critical area of judgement involves determining the appropriate cash generating units (CGUs) to which assets are allocated. CGUs represent the smallest identifiable group of assets that generate cash inflows largely independent of other assets or groups of assets. This assessment requires management to consider factors such as the interdependence of cash flows, the nature of products and services, and the level at which management monitors operations. The identification of CGUs can significantly affect the outcome of impairment testing, as recoverable amounts are determined at the CGU level. Changes in assumptions regarding CGU composition could lead to material differences in impairment results.

### Key source of estimation uncertainty

#### Impairment review of capitalised development expenditure

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from brokers, assuming transactions conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

#### Share-based payments

Certain employees (including Directors and senior Executives) of the Company receive remuneration in the form of share-based payment, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The fair value is determined using either the Black-Scholes valuation model, Modified Binomial Tree model or a Monte Carlo model for market-based conditions. Both are appropriate for considering the effects of the vesting conditions, expected exercise period and the dividend policy of the Company.

The cost of equity-settled transactions is expensed, together with a corresponding increase in equity over the period the Directors expect the performance criteria will be fulfilled. For market performance criteria this estimate is made at the time of grant considering historic share price performance and volatility. For non-market-based performance criteria, an estimate is made at the time of grant and reviewed annually thereafter considering progress on the operational objectives set, plans and budgets.

The estimation uncertainty relating to share-based payments is not at risk of material change in future years other than in relation to management's estimate of the extent to which the non-market-based performance criteria will be met.

#### Expected credit losses on debtor balances

The Company exercised significant judgement in assessing the recoverability of a material receivable due from a related party. In accordance with IFRS 9 Financial Instruments, management evaluates expected credit losses (ECL) using forward-looking information, including the counterparty's financial position, forecast cash flows and the probability of default. During the year, indicators of impairment arose relating to the related party's ability to settle the balance, resulting in the recognition of a full write-off of the debtor. The determination of the ECL involved significant estimation uncertainty due to the inherent difficulty in assessing the counterparty's future financial capacity and the absence of observable market data. As required by IAS 1 Presentation of Financial Statements, this judgement is disclosed due to its material effect on the financial statements. Further details of the transaction are included in the related party disclosures.

## 4. Segmental analysis

Operating segments are determined by the chief operating decision maker based on the information used to allocate the Company's resources. The information as presented to the internal management is consistent with the Statement of Comprehensive Income.

In the prior year financial statements, it indicated that going forward, the Company may identify two operating segments. However, during the current financial year, AFC Energy restructured its leadership, moving from two Chief Technology Officers (CTOs) to one, and consolidated its R&D activities into a single team focused on hydrogen fuel cells and fuel conversion technologies combined. This reflects the Company's strategic shift to a single, market-led focus.

In accordance with IFRS 8, as AFC Energy continues to operate as one reportable segment – therefore no further segmental disclosures are required.

## Notes forming part of the financial statements continued

## 5. Revenue

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
<b>Revenue from contracts with customers</b>		
Sales of fuel cell generators	75	3,976
Rental revenue	50	26
	<b>125</b>	<b>4,002</b>
Being:		
Cash consideration	125	4,002
Consideration in kind	-	-
	<b>125</b>	<b>4,002</b>

Four customers customer A – B (FY24: one customer A) accounted for more than 10% of revenue:

	Year ended 31 October 2025		Year ended 31 October 2024	
	£000	%	£000	%
Customer A	18	14	3,829	96
Customer B	57	46	-	-
Customer C	35	28	-	-
Customer D	15	12	-	-

Unsatisfied performance obligations were:

	Total £000	Within one year £000	Within two to five years £000
31 October 2024	1,571	148	1,423
<b>31 October 2025</b>	<b>1,423</b>	<b>-</b>	<b>1,423</b>

The aggregate amount of the transaction price allocated to one contract that is not fully satisfied as of 31 October 2025 was £1,423,000 (2024: £1,571,000). This £1.4m deferred revenue is to be recognised over a three-year period from the date a commercial and fully certified product is available. The £1.4m deferred revenue liability is to be offset against each unit sold to the customer at a rate of £150,000 per unit, up to a maximum value of £1.5m.

## 6. Other income

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
Government grants income	161	130
R&D expenditure credits	-	224
Other	133	75
	<b>294</b>	<b>429</b>

Other income includes unutilised provision released under IAS 37 relating to the release of decommissioning costs, fully settled in the year.

## 7. Operating costs

	Year ended 2025 Total £000	Year ended 2024 Total £000
Materials	1,643	1,685
	<b>1,643</b>	<b>1,685</b>
<b>Payroll costs</b>		
Payroll (excluding Directors)	6,136	6,746
Directors' costs	1,910	1,526
Other employment costs	577	865
	<b>8,621</b>	<b>9,137</b>
<b>Other administrative expenses</b>		
Occupancy costs	556	461
Other administrative expenses	3,085	2,825
	<b>3,641</b>	<b>3,286</b>
<b>Non-cash costs</b>		
Amortisation of intangible assets	1,049	81
Depreciation of right-of-use assets	471	470
Depreciation of property, plant and equipment	2,728	2,043
Loss on disposal of PPE	145	-
Less depreciation of rental asset charged to cost of sales	(18)	(28)
Inventory write-down	2,573	4
Share-based payments charge	1,997	1,459
	<b>8,946</b>	<b>4,025</b>
	<b>22,851</b>	<b>18,133</b>

## Research and development costs

The Company's fuel cells manufacturing and fuel processing research and development activities concentrate on the development of improved design, engineering, and prototype build. In 2025 the Company spent in total £11,702,000 (2024: £9,512,000) on research and development.

Research and development costs of £6,582,000 (2024: £5,108,000) that are not eligible for capitalisation have been expensed in the period incurred and recognised in operating expenses.

In 2025 development costs meeting the recognition criteria for capitalisation under IAS 38 Intangible Assets were £5,120,000 (2024: £4,403,000), (refer to note 14). Out of the total capitalised development costs, £2,662,000 relate to labour on development projects.

## 8. Auditor's remuneration

Fees paid to the auditors included within the operating costs were:

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
<b>Audit</b>	<b>193</b>	<b>260</b>

## Notes forming part of the financial statements continued

**9. Employee numbers and costs, including Directors**

The average number of employees in the year were:

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
Support, operations and technical	115	130
Directors	6	6
	<b>121</b>	<b>136</b>

The aggregate payroll costs for Directors and employees were:

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
Wages and salaries	9,259	8,803
Social security	1,141	992
Employers' pension contributions	311	335
Total employee costs	10,711	10,130
Less: capitalised as development costs	(2,662)	(1,507)
	<b>8,049</b>	<b>8,623</b>
Equity-settled share-based payments expense	1,997	1,459
	<b>10,046</b>	<b>10,082</b>

Details of the employee costs associated with the Company's key management personnel are included in note 27.

**10. Directors' remuneration**

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
Salary and benefits	972	1,153
Pension	32	28
<b>Total Directors' remuneration</b>	<b>1,004</b>	<b>1,181</b>

In addition Directors received total of £235,000 (2024: £235,000) termination benefits in the year.

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
<b>Highest paid Director</b>		
Wages and salaries	739	503
Termination benefit	-	235
Benefits in kind	19	45
	<b>758</b>	<b>783</b>
Employers' pension contributions	17	17
	<b>775</b>	<b>800</b>

**11. Net finance income/(cost)**

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
Lease / Loan interest	(29)	(41)
Exchange rate differences	(28)	-
Bank charges	(9)	(14)
<b>Total finance cost</b>	<b>(66)</b>	<b>(55)</b>
Finance income	213	316
<b>Net finance income</b>	<b>147</b>	<b>261</b>

**12. Taxation**

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
Recognised in the statement of comprehensive income		
R&D tax credit – current year	3,159	1,293
R&D tax credit – prior year	100	597
<b>Total tax credit</b>	<b>3,259</b>	<b>1,890</b>
Reconciliation of effective tax rates		
Loss before tax	(25,454)	(19,309)
<b>Tax using the domestic rate of corporation tax at 25.00% (2024: 25%)</b>	<b>6,364</b>	<b>4,827</b>
Effect of:		
Change in unrecognised deferred tax resulting from tax losses	(2,511)	(2,430)
Non-deductible items	(40)	(245)
Depreciation in excess of capital allowances	(253)	(19)
Other differences	(631)	(320)
R&D expenditure credits	-	(75)
R&D enhanced deduction on qualifying R&D expenditure	2,509	913
R&D rate adjustment on surrendered losses	(2,279)	(1,358)
Adjustment to R&D tax credit – prior year	100	597
<b>Total tax credit</b>	<b>3,259</b>	<b>1,890</b>

Deferred tax assets that have not been recognised are set out below:

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
Intangible assets	(838)	(1,814)
Property, plant, and equipment	1,452	1,923
Share-based payments	275	142
Losses carried forward	18,973	16,825
<b>Unrecognised deferred tax assets</b>	<b>19,863</b>	<b>17,076</b>

Deferred tax assets of £838,000 (2024: £1,814,000) have been recognised but offset against deferred tax liabilities of the same amount arising in the same jurisdiction.

The cumulative tax losses in the amount of £75.9 million (2024: £67.3 million) that are available indefinitely for offsetting against future taxable profits have not been recognised as the Directors consider that it is unlikely that they will be realised in the foreseeable future.

The prior year R&D tax credit of £100,000 is largely due differing treatment of RDEC and SME tax credit scheme in the financial statements to the tax return.

## Notes forming part of the financial statements continued

**13. Loss per share**

The calculation of the basic loss per share is based upon the net loss after tax attributable to ordinary shareholders and a weighted average number of shares in issue for the year.

	Year ended 31 October 2025	Year ended 31 October 2024
Basic loss per share (pence)	(2.41)	(2.22)
Diluted loss per share (pence)	(2.41)	(2.22)
Loss attributable to equity shareholders (£000)	(22,195)	(17,419)
<b>Weighted average number of shares in issue</b>	<b>921,398,330</b>	<b>784,681,892</b>

**Diluted earnings per share**

As set out in note 25, there are share options and warrants (accounted for under IFRS 2: Share based payments) outstanding as at 31 October 2025 which, if exercised, would increase the number of shares in issue. Given the losses for the year, there is no dilution of losses per share in the year ended 31 October 2025 nor the previous year.

**14. Intangible assets**

	Development costs £000	Patents & commercial rights £000	Total intangible assets £000
<b>Cost</b>			
At 1 November 2023	–	1,404	1,404
Additions	4,403	40	4,443
Disposals	–	–	–
At 31 October 2024	4,403	1,444	5,847
Additions	5,119	41	5,160
Transfers	1	–	–
<b>At 31 October 2025</b>	<b>9,523</b>	<b>1,485</b>	<b>11,008</b>
<b>Amortisation</b>			
At 1 November 2023	–	1,140	1,140
Charge for the year	–	81	81
At 31 October 2024	–	1,221	1,221
Charge for the year	938	111	1,049
Disposals	–	–	–
<b>At 31 October 2025</b>	<b>938</b>	<b>1,333</b>	<b>2,270</b>
<b>Net book value</b>			
At 31 October 2024	4,403	223	4,626
<b>At 31 October 2025</b>	<b>8,585*</b>	<b>152</b>	<b>8,738</b>

\* The carrying amount of capitalised development cost is attributed development of Fuel Processing activities (£2,998,000) and Fuel Cell activities (£5,587,000). With the remaining amortisation period being 30 months.

**Impairment review of capitalised development costs**

In accordance with IAS 36 Impairment of Assets, intangible assets not yet available for use are tested annually for impairment. At year-end, the Company held £2,661k of capitalised development costs that are not being amortised. These assets have been allocated to two Cash-Generating Units (CGUs): Fuel Cell and Fuel Processing.

The recoverable amount of each CGU was determined using Fair Value Less Costs of Disposal (FVLCD), based on an independent market valuation consistent with IFRS 13's exit price principles. Costs of disposal, including broker fees, legal costs, and applicable taxes, were deducted in accordance with IAS 36.

The estimated recoverable amount substantially exceeds the combined carrying amount of £11.4m, resulting in this assumption being deemed insensitive in the calculation.

**15. Right-of-use assets**

	Cars £000	Buildings £000	Total £000
<b>Cost</b>			
At 1 November 2023	–	1,985	1,985
Additions	19	–	19
Disposals	–	–	–
At 31 October 2024	19	1,985	2,004
Additions	–	–	–
Disposals	–	–	–
<b>At 31 October 2025</b>	<b>19</b>	<b>1,985</b>	<b>2,004</b>
<b>Depreciation</b>			
At 1 November 2023	–	888	888
Charge for the year	1	469	470
Disposals	–	–	–
At 31 October 2024	1	1,357	1,358
Charge for the year	6	465	471
<b>At 31 October 2025</b>	<b>7</b>	<b>1,822</b>	<b>1,829</b>
<b>Net book value</b>			
At 31 October 2024	18	628	646
<b>At 31 October 2025</b>	<b>11</b>	<b>163</b>	<b>175</b>

Refer to Note 22 for disclosure of the associated lease liabilities.

**16. Investment in joint venture**

The Company has a 50% interest in a joint venture, Speedy Hydrogen Solutions Limited. The joint venture was incorporated on 6th November 2023, and the two joint venture partners invested £625,000 capital each.

	2025 £000
1 November 2024	625
Capital invested	–
Impairment	–
<b>31 October 2025</b>	<b>625</b>

As part of the JV agreement the Company along with its partner may subscribe to up to £3,750,000 Secured Loan Notes. The loan notes are repayable in three years' time and interest is payable at 2.00% above Bank of England base rate. The milestone conditions required for the allotment of the loan notes had not occurred as of 31st October 2025.

## Notes forming part of the financial statements continued

## 17. Property, plant and equipment

	Rental Asset £000	Leasehold improvements £000	Decommissioning Asset £000	Plant, machinery and equipment £000	Assets under construction £000	Total £000
<b>Cost</b>						
At 1 November 2023	-	3,546	300	3,871	694	8,411
Additions	348	169	167	1,886	382	2,952
Transfers	-	303	-	103	(406)	-
Disposals	-	-	-	(2,483)	-	(2,483)
At 31 October 2024	348	4,018	467	3,377	670	8,880
Additions	-	157	48	275	245	725
Transfers	(100)	20	-	884	(804)	-
Disposals	(248)	-	(417)	(1)	(9)	(675)
<b>At 31 October 2025</b>	<b>-</b>	<b>4,195</b>	<b>98</b>	<b>4,535</b>	<b>102</b>	<b>8,930</b>
<b>Depreciation</b>						
At November 2023	-	1,394	300	2,961	-	4,655
Charge for the year	29	1,221	77	716	-	2,043
Disposals	-	-	-	(2,483)	-	(2,483)
At 31 October 2024	29	2,615	377	1,194	-	4,215
Charge for the year	116	1,179	128	1,305	-	2,728
Transfers	(42)	-	-	42	-	-
Disposals	(103)	-	(416)	(2)	-	(521)
<b>At 31 October 2025</b>	<b>-</b>	<b>3,794</b>	<b>89</b>	<b>2,539</b>	<b>-</b>	<b>6,422</b>
<b>Net book value</b>						
At 31 October 2024	319	1,403	90	2,184	670	4,666
<b>At 31 October 2025</b>	<b>-</b>	<b>401</b>	<b>9</b>	<b>1,996</b>	<b>102</b>	<b>2,508</b>

## 18. Inventory

	31 October 2025 £000	31 October 2024 £000
Raw materials	1,819	1,782
Work-in-progress	-	615
Finished Goods	754	-
Provision	(2,573)	(449)
<b>Inventory</b>	<b>-</b>	<b>1,948</b>

Inventory expensed as cost of sales during the year was £136,000 (2024: £5,348,000).

The provision represents a write down of inventory for the fuel cell generators that will superseded by the model being released in Q2 FY26.

## 19. Trade and other receivables

	31 October 2025 £000	31 October 2024 £000
Trade receivables	387	249
Receivable from Joint Venture	3,416	4,114
Provision for expected credit losses	(2,937)	-
VAT receivables	69	8
Other receivables	49	313
Prepayments	939	2,053
	<b>1,923</b>	<b>6,737</b>

Included within trade and other receivables is a provision for expected credit losses of £2,937,000 (2024:nil). This provision is required to support the market adoption of hydrogen which is being enabled through the delivery of the new lower cost generator being launched in FY26. The provision has been recognised in accordance with the requirements of IFRS 9 – Financial Instruments, which mandates the use of an expected credit loss model for impairment of financial assets.

Of the £2.9m ECL, £2.8m is associated with related parties (see note 27).

Included within prepayments is an amount of £100,000 (2024: £1,378,000) representing payments made to suppliers in advance for the procurement of research and development materials and stock items.

There is no significant difference between the fair value of the receivables and the values stated above.

## 20. Cash and cash equivalents and short term deposits

	31 October 2025 £000	31 October 2024 £000
Cash at bank	997	769
Bank deposits	13,320	14,605
Short term deposits	11,000	-
	<b>25,317</b>	<b>15,374</b>

There is no material foreign exchange movement in respect of cash and cash equivalents. See note 26 for term deposit.

## 21. Trade and other payables

	31 October 2025 £000	31 October 2024 £000
Trade payables	646	1,826
Deferred revenue	3,598	1,804
Other payables	426	468
Accruals	960	857
	<b>5,630</b>	<b>4,955</b>

Deferred revenue under the ABB contract of £2m is reduced by £577,000 fair value of the warrants granted on the same day, 15 November 2021, as the two contracts are linked.

Government grant monies are also included within deferred revenue, where the corresponding costs have been considered and are included in Intangible assets under IAS38 Capitalised Development Costs. The deferred income is amortised over the expected life of the associated asset which is 48 months starting in October 2025.

## Notes forming part of the financial statements continued

**22. Lease liabilities**

Changes in liabilities arising from financing activities:

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
Opening position	664	1,124
<b>Cash flows</b>		
Repayment	(498)	(520)
<b>Non-cash</b>		
Additions / (adjustment)	(24)	19
Interest expense	18	41
	<b>160</b>	<b>664</b>
	<b>31 October 2025 £000</b>	<b>31 October 2024 £000</b>
Lease liabilities less than 12 months	141	505
Lease liabilities more than 12 months	19	159
	<b>160</b>	<b>664</b>

£147,000 of the Company's lease liability as at 31 October 2025 relates to buildings for the occupancy of the campus at Dunsfold Park. A number of buildings are occupied under licences, and these have not been recognised as right-of-use assets. Of the leases recognised as right-of-use assets, the Company has a commitment on one lease until February 2027. The Company has a commitment on one lease until November 2025 with no break clauses. Two leases were renewed in January 2023 until January 2026 with no break clauses.

The expense relating to short term leases and leases of low value assets incurred during the year is £102,350 (2024: £84,250).

**23. Provisions**

	Product warranties £000	Decommissioning £000	Total £000
<b>Balance at 31 October 2024</b>	<b>217</b>	<b>468</b>	<b>685</b>
Additions	–	67	67
Utilisation	(181)	(314)	(495)
Release	–	(122)	(122)
<b>Balance at 31 October 2025</b>	<b>36</b>	<b>99</b>	<b>135</b>
Current	36	60	96
Non-current	–	39	39

**Decommissioning**

A provision of £417,150 was recognised in FY24 in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, relating to AFC Energy's contractual obligation to a site owned by another hydrogen provider.

Although the contract was extended to 31 December 2027, a six-month break clause was exercised and became effective in September 2025.

During the current period, the obligation was settled through payments totalling £314,889, which was lower than the originally estimated provision. Consequently, a release of £121,661 has been recognised in profit or loss.

During the year, AFC Energy reassessed its dilapidation provision in respect of leased sites. The reassessment was based on updated cost estimates to restore the properties to their original state, reflecting adaptations made during the lease term.

In accordance with IAS 37, the provision was increased to reflect the revised expected outflow, with a corresponding increase in the associated right of use asset.

The change has been accounted for as a change in accounting estimate under IAS 8 and recognised prospectively in the current period. A corresponding asset has been recognised for the increase in provision.

**Product warranties**

During the year, there was a stock provision under IAS 2 – Inventories, writing down the value of the warranty pool of replacement key components. The remaining balance represents an estimate of additional costs equivalent to 10% of a key component, which may be incurred in fulfilling warranty obligations. As the warranty pool has been covered by another standard, the write down of warranty pool has been considered as "utilised" in the year.

**24. Issued share capital**

	Ordinary shares	Price £	Share capital £000	Share premium before costs of issue £000	Costs of issue £000	Share premium net of costs of issue £000
At 1 November 2023	74,651,630	–	746	121,789	(3,269)	118,520
Exercise of options						
13 March 2024	900,000	79,200	1	78	–	78
Exercise of options						
23 May 2024	25,000	2,000	–	2	–	2
Exercise of options						
04 June 2024	37,500	5,775	–	6	–	6
Issue of shares						
13 June 2024	74,741,630	11,211,244	75	11,137	(670)	10,467
Issue of shares						
1 July 2024	30,537,369	4,580,605	30	4,550	(207)	4,343
Exercise of options						
11 September 2024	1,600,000	140,800	2	139	–	139
<b>As at 31 October 2024</b>	<b>854,357,806</b>	<b>–</b>	<b>854</b>	<b>137,701</b>	<b>(4,146)</b>	<b>133,555</b>
Issue of shares						
05 February 2025	1,088,990	1,089	1	–	–	–
Exercise of options						
24 April 2025	30,000	30	–	–	–	–
Exercise of options						
22 May 2025	1,226,350	1,226	1	–	–	–
Exercise of options						
18 June 2025	70,000	70	–	–	–	–
Issue of shares						
22 July 2025	85,544,679	8,554,468	86	8,469	(809)	7,660
Issue of shares						
11 August 2025	189,184,574	18,918,457	189	18,729	(898)	17,831
Exercise of options						
27 October 2025	40,000	40	–	–	–	–
	<b>1,131,542,399</b>	<b>–</b>	<b>1,131</b>	<b>164,899</b>	<b>(5,853)</b>	<b>159,046</b>

The Company considers its capital and reserves attributable to equity shareholders to be the Company's capital. In managing its capital, the Company's primary long-term objective is to provide a return for its equity shareholders through capital growth. Going forward the Company will seek to maintain a gearing ratio that balances risks and returns at an acceptable level and to maintain a sufficient funding base to enable the Company to meet its working capital needs. The Company has no debt, other than property leases, and an immaterial amount on asset finance and therefore a target debt to equity ratio is not relevant at the time.

Share premium is shown before the permitted deduction of costs of issue. After such deduction, the value equals £159,046,000.

Details of the Company's capital are disclosed in the statement of changes in equity.

There have been no other significant changes to the Company's management objectives, policies, and processes in the year, nor has there been any change in what the Company considers to be capital.

## Notes forming part of the financial statements continued

**25. Share-based payments**

Share-based payment charge:

	31 October 2025 £000	31 October 2024 £000
Employee Share Option Plan	2,023	911
Employee Performance Share Plan	(23)	591
Save As You Earn	(3)	(43)
	<b>1,997</b>	<b>1,459</b>

**Employee Share Option Plan**

The establishment of the Employee Share Option Plan was approved by the Board on 1 August 2018 and amended on 10 October 2018. The Plan is designed to attract, retain and motivate employees. Under the Plan, participants can be granted options which vest unconditionally or conditionally upon achieving certain performance targets. There is also a time-based condition on the options granted. Participation in the Plan is solely at the Board's discretion, and no employee has a contractual right to participate in the Plan or to receive any guaranteed benefits.

Options are granted under the Plan for no consideration and carry no dividend nor voting rights.

When exercisable, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the Plan:

	Average exercise price per share option 2025 £	Number of options 2025	Average exercise price per share option 2024 £	Number of options 2024
At 1 November	0.07	20,261,013	0.32	12,970,500
Granted during the year	0.01	23,712,406	0.12	10,428,013
Exercised during the year	0.001	(1,366,350)	0.09	(2,562,500)
Lapsed during the year	0.18	(2,019,648)	0.19	(285,000)
Forfeited during the year	0.09	(2,314,000)	0.19	(290,000)
<b>At 31 October 2025</b>	<b>0.03</b>	<b>38,273,421</b>	<b>0.07</b>	<b>20,261,013</b>
Vested and exercisable at 31 October	0.03	11,792,745	0.07	7,283,000

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price £	Share options 2025	Share options 2024
17 July 2015**	17 July 2028	0.2200	5,000,000	6,000,000
20 April 2020	20 April 2030	0.1540	443,000	783,000
09 June 2023*	28 June 2031	0.1000	500,000	500,000
09 June 2023*	28 June 2031	0.1250	500,000	500,000
09 June 2023	28 June 2031	0.1526	1,500,000	1,500,000
04 July 2022	04 July 2032	0.1900	90,000	215,000
27 April 2023	27 April 2033	0.0188	125,000	625,000
04 April 2024	04 April 2034	0.1300	99,365	238,013
18 April 2024	18 April 2034	0.1900	4,170,000	5,890,000
10 June 2024	10 June 2034	0.2000	70,000	70,000
10 June 2024	10 June 2034	0.2000	70,000	70,000
13 June 2024	13 June 2034	0.1600	-	110,000
24 July 2024	24 July 2034	0.1600	110,000	110,000
05 September 2024	05 September 2034	0.0010	3,400,000	3,400,000
06 September 2024	06 September 2034	0.1300	250,000	250,000
07 October 2024	07 October 2034	0.1300	-	70,000
12 November 2024	12 November 2025	0.1000	210,000	-
21 December 2023***	21 December 2033	0.0010	350,000	-
29 November 2024	29 November 2034	0.1100	480,000	-
03 December 2024	03 December 2034	0.0900	570,000	-
11 December 2024	11 December 2034	0.1000	280,000	-
16 December 2024	16 December 2034	0.0010	1,400,980	-
07 January 2025	07 January 2035	0.0010	9,389,671	-
20 January 2025	20 January 2035	0.0010	5,515,405	-
11 February 2025	11 February 2035	0.0800	250,000	-
01 May 2025	01 May 2035	0.0700	70,000	-
02 May 2025	02 May 2035	0.0700	110,000	-
11 May 2025	11 May 2035	0.1000	70,000	-
04 June 2025	04 June 2035	0.1300	2,000,000	-
12 June 2025	12 June 2035	0.1700	110,000	-
11 August 2025	11 August 2035	0.0800	70,000	-
08 September 2025	08 September 2035	0.0900	1,000,000	-
16 September 2025	16 September 2035	0.0800	70,000	-
			<b>38,273,421</b>	<b>20,261,013</b>

\* Award amended by Deed of Variation in 2023

\*\* Award amended by Deed of Variation in 2024

\*\*\* Award amended by Deed of Variation in 2025

## Notes forming part of the financial statements continued

The table below sets out the inputs used in determining the fair value of the grants of options per the previous table as well as the expense recognised in the accounts in the current year. The grants in the previous table are linked below based on the exercise price and grant date.

Grant date	Exercise price £	Average grant date share price £	Average expected volatility per annum	Average risk-free interest rate per annum	Average dividend yield per annum	Average implied option life in years	Average fair value per option £
20 April 2020	0.1540	0.1500	83.60%	0.46%	0.00%	3.0	0.1200
04 July 2022	0.1900	0.1900	95.00%	1.83%	0.00%	3.0	0.1140
27 April 2023	0.1880	0.1882	78.00%	3.82%	0.00%	3.0	0.0990
09 June 2023	0.1000	0.1682	72.00%	4.51%	0.00%	0.7	0.0791
09 June 2023	0.1000	0.1682	72.00%	4.51%	0.00%	0.9	0.0825
09 June 2023	0.1250	0.1682	72.00%	4.51%	0.00%	1.7	0.0817
09 June 2023	0.1250	0.1682	72.00%	4.51%	0.00%	1.9	0.0847
09 June 2023	0.1530	0.1682	72.00%	4.51%	0.00%	2.7	0.0856
09 June 2023	0.1530	0.1682	72.00%	4.51%	0.00%	2.9	0.0883
21 December 2023	0.0010	0.1900	84.77%	3.34%	0.00%	-	0.1900
04 April 2024	0.1300	0.1700	85.08%	3.77%	0.00%	-	0.1500
18 April 2024	0.1900	0.1900	85.06%	4.01%	0.00%	-	0.1600
10 June 2024	0.2000	0.1900	85.56%	4.05%	0.00%	-	0.1600
13 June 2024	0.1600	0.1600	85.40%	3.86%	0.00%	-	0.1400
24 July 2024	0.1600	0.1500	85.40%	3.89%	0.00%	-	0.1300
05 September 2024	0.0010	0.1300	85.36%	3.63%	0.00%	-	0.1300
06 September 2024	0.1300	0.1200	85.35%	3.60%	0.00%	-	0.1000
07 October 2024	0.1300	0.1000	85.33%	3.88%	0.00%	-	0.0800
13 May 2024*	0.2200	0.2100	76.50%	4.13%	0.00%	-	0.0972
13 May 2024*	0.2200	0.2100	76.50%	4.13%	0.00%	-	0.1213
29 November 2024	0.1100	0.1000	85.49%	3.84%	0.00%	-	0.1100
03 December 2024	0.1100	0.1000	85.45%	2.85%	0.00%	-	0.0900
11 December 2024	0.1000	0.0900	85.73%	3.88%	0.00%	-	0.0900
16 December 2024	0.0010	0.0900	85.44%	3.99%	0.00%	-	0.1000
07 January 2025	0.0010	0.0900	85.70%	4.21%	0.00%	-	0.1000
20 January 2025	0.0010	0.0800	84.81%	4.19%	0.00%	-	0.0900
11 February 2025	0.1000	0.0900	85.76%	4.05%	0.00%	-	0.0800
01 May 2025	0.0800	0.0700	83.35%	4.06%	0.00%	-	0.0700
02 May 2025	0.0800	0.0700	83.36%	4.06%	0.00%	-	0.0700
11 May 2025	0.1000	0.0900	70.88%	3.82%	0.00%	-	0.1000
04 June 2025	0.1300	0.1200	76.46%	3.88%	0.00%	-	0.1300
12 June 2025	0.1700	0.1600	74.47%	3.88%	0.00%	-	0.1700
11 August 2025	0.0900	0.0800	84.95%	4.13%	0.00%	-	0.0800
08 September 2025	0.0900	0.0800	74.59%	3.75%	0.00%	-	0.0900
16 September 2025	0.0900	0.8000	84.81%	4.17%	0.00%	-	0.0900

\* The grant date is the date of modification of the original share options granted on 17th July 2015.

## Performance Share Plan

The establishment of the Performance Share Plan was approved by the Board on 1 September 2021. The Plan is designed to attract, retain and motivate employees. Under the Plan, participants can be granted options which vest unconditionally or conditionally upon achieving certain performance targets. Participation in the Plan is solely at the Board's discretion, and no employee has a contractual right to participate in the Plan or to receive any guaranteed benefits. Award holders are not required to make payment for the grant of an award unless the Board determines otherwise.

Options are granted under the Plan for no consideration and carry no dividend nor voting rights.

When exercisable, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the Plan:

	Average exercise price per share option 2025 £	Number of options 2025	Average exercise price per share option 2024 £	Number of options 2024
At 1 November	0.001	13,275,328	0.001	7,600,904
Granted during the year	0.001	10,058,410	0.000	6,295,394
Exercised during the year	0.001	-	0.001	-
Lapsed during the year	0.001	-	0.001	(620,970)
Forfeited during the year	0.001	(4,465,785)	0.001	-
<b>At 31 October</b>	<b>0.001</b>	<b>18,867,953</b>	0.001	13,275,328
Vested and exercisable at 31 October	0.001	1,972,527	-	-

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price £	Share options 2025	Share options 2024
12 July 2022	12 July 2032	0.001	1,972,527	2,315,934
1 June 2023	1 June 2033	0.001	2,865,340	4,664,000
02 May 2024	02 May 2034	0.001	369,405	369,405
02 May 2024	02 May 2034	0.001	3,602,271	5,925,989
01 August 2025	01 August 2035	0.001	10,058,410	-
			<b>18,867,953</b>	13,275,328

The table below sets out the inputs used in determining the fair value of the grants of options per the previous table as well as the expense recognised in the accounts in the current year. The grants in the previous table are linked below based on the exercise price and grant date.

Grant date	Exercise price Pence	Average grant date share price Pence	Average expected volatility per annum	Average risk-free interest rate per annum	Average dividend yield per annum	Average implied option life in years	Average fair value per option Pence
19 November 2021	0.001	53.80	76.00%	0.05%	0.00%	0.40	0.43
19 November 2021	0.001	53.80	76.00%	0.35%	0.00%	1.40	0.42
19 November 2021	0.001	53.80	76.00%	0.05%	0.00%	3.00	0.45
15 July 2022	0.001	20.70	95.00%	1.76%	0.00%	3.00	12.70
15 July 2022	0.001	20.70	95.00%	1.76%	0.00%	3.00	16.60
01 June 2023	0.001	17.91	74.00%	4.29%	0.00%	3.00	8.79
01 June 2023	0.001	17.91	74.00%	4.29%	0.00%	3.00	10.92
02 May 2024	0.001	18.00	88.11%	4.03%	0.00%	3.00	15.00
02 May 2024	0.001	18.00	67.50%	4.49%	0.00%	3.00	10.00
01 August 2025	0.001	9.00	75.07%	3.66%	0.00%	3.00	7.00

Notes forming part of the financial statements *continued***SAYE**

Save as you earn (SAYE) 'Sharesave' schemes are open to all eligible employees. The SAYE schemes allow eligible employees to commit to making a deduction from salary monthly over three years. At the end of the three-year period, employees can purchase the Company's ordinary shares of 0.1 pence each ("Ordinary Shares") using the funds saved.

The first AFC Energy SAYE scheme was launched in August 2022 at an exercise price of 20.48 pence per Ordinary Share, representing a 20% discount to the closing market price of the Ordinary Shares prior to the scheme being launched on 3 August 2022. These options matured during the year. At maturity, the exercise price of the options exceeded the market price of the Company's shares, resulting in the options being "underwater." Consequently, participants exercised no options, and no shares were issued under the scheme. There are no outstanding share options on this scheme. The scheme remains accounted for in accordance with IFRS 2 – Share-Based Payment, and no additional expense or reversal has been recognised in respect of these options.

The second AFC Energy SAYE scheme was launched in September 2023 at an exercise price of 14.304 pence per Ordinary Share, representing a 20% discount to the closing market price of the Ordinary Shares prior to the scheme being launched on 6 September 2023.

The discounts to the closing market prices are in line with the limits of the SAYE scheme as defined by HMRC.

	Average exercise price per share option 2025 Pence	Number of options 2025	Average exercise price per share option 2024 £	Number of options 2024
01 November	15.58	2,028,798	17.44	3,944,601
Granted during the year	-	-	-	-
Forfeited during the year	15.64	(783,649)	19.42	(1,915,803)
<b>31 October</b>	<b>15.55</b>	<b>1,245,149</b>	15.58	2,028,798
Vested and exercisable at 31 October	-	-	-	-

Grant date	Expiry date	Exercise price Pence	Share options 2025	Share options 2024
03 August 2022	31 March 2026	20.480	250,483	420,989
19 October 2023	30 April 2027	14.304	994,666	1,607,809

Grant date	Exercise price Pence	Average grant date share price Pence	Average expected volatility per annum	Average risk-free interest rate per annum	Average dividend yield per annum	Average implied option life in years	Average fair value per option Pence
03 August 2022	20.480	25.60	95.00%	2.93%	0.00%	3.08	17.700
19 October 2023	14.304	13.97	73.00%	4.72%	0.00%	3.03	7.060

**Warrants**

While the Board issues share options to employees, the Board has the discretion to award warrants from time to time to non-employees, such as Non-Executive Directors and third parties. Typically, warrants are granted and vest upon certain performance targets. Grant of warrants is solely at the Board's discretion.

Warrants are granted for no consideration and carry no dividend nor voting rights. When exercisable, each warrant is convertible into one ordinary share.

Set out below are summaries of warrants granted under the Plan:

	Average exercise price per warrant 2025 £	Number of warrants 2025	Average exercise price per warrant 2024 £	Number of warrants 2024
01 November	0.770	5,000,000	0.670	11,802,720
Lapsed during the year	0.770	(5,000,000)	0.585	(6,802,720)
<b>31 October</b>	<b>-</b>	<b>-</b>	<b>0.770</b>	<b>5,000,000</b>
Vested and exercisable at 31 October	-	-	-	-

In the case of the ABB warrants in the table above, the warrant life is two years from the date of vesting. The final tranche was fully vested and expired on 13 March 2025, without exercise. All warrants are now expired.

**26. Financial instruments**

In common with other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

**Principal financial instruments**

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

Note	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
<b>Financial instruments held at amortised cost:</b>		
Cash and cash equivalents	20	14,317
Restricted cash	-	433
Short term deposits	11,000	-
Trade and other receivables	19	915
<b>Total financial assets held at amortised cost</b>	<b>26,232</b>	<b>20,483</b>
Trade & other payables	21	2,031
Leases	22	160
Finance loans	125	-
<b>Total financial liabilities held at amortised cost</b>	<b>2,316</b>	<b>3,815</b>

There is no significant difference between the fair value and book value of financial instruments.

The Company does not enter forward exchange contracts or otherwise hedge its potential foreign exchange exposure. The Board monitors and reviews its policies in respect of currency risk on a regular basis.

At the reporting date, the Company held term deposits with maturities greater than 90 days amounting to £11m (FY24: £nil). These are presented within short-term investments and excluded from cash and cash equivalents in the statement of cash flows.

Notes forming part of the financial statements *continued***General objectives, policies and processes**

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated part of the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance team. The Board receives reports from the financial team through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

**Credit risk**

Credit risk arises principally from the Company's trade and other receivables and cash and cash equivalents and short term deposits. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the financial statements as shown below:

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
Cash and cash equivalents	14,317	15,374
Short term deposits	11,000	–
Restricted cash	–	433
Trade and other receivables	915	4,676

Credit risk with cash and cash equivalents and short term deposits is reduced by placing funds with banks with acceptable credit ratings and government support where applicable and on term deposits with a range of maturity dates. At the year end, most cash balances were temporarily held on short-term deposit. The credit risk provision is estimated on a case-by-case basis considering public information of the counterparty and payment history and no loss is expected.

In accordance with IFRS 9 – Financial Instruments, the Company recognises expected credit losses (ECL) on financial assets measured at amortised cost.

During the year, a significant increase in the loss allowance was recorded in respect of receivables due from the joint venture. Following a detailed assessment of the counterparty's financial position and a change in its business plan, these receivables have been considered as likely irrecoverable.

Consequently, the related charge has been recognised in profit or loss within administrative expenses (see Note 19).

The Company continues to apply the simplified approach for trade receivables, recognising lifetime ECL at initial recognition. The loss allowance reflects historical default experience, current economic conditions, and forward-looking information in accordance with IFRS 9 requirements.

**Liquidity risk**

Liquidity risk arises from the Company's management of working capital and the amount of funding required for the development programme. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The principal liabilities of the Company are trade and other payables in respect of the ongoing product development programme. Trade payables are all payable within two months. The Board receives cash flow projections on a regular basis as well as information on cash balances.

The following table shows the Company's financial liabilities by relevant maturity grouping based on contractual maturities. The amounts included in the analysis are contractual, undiscounted cashflows.

	Less than one year £000	One to two years £000	Two to five years £000	Carrying amount £000	Total contracted cash flows £000
<b>31 October 2025</b>					
Trade & other payables	2,031	–	–	2,031	2,031
Lease liabilities	141	19	–	160	163
Asset finance	63	57	5	125	125
<b>Total financial liabilities</b>	<b>2,235</b>	<b>76</b>	<b>5</b>	<b>2,316</b>	<b>2,333</b>
	Less than one year £000	One to two years £000	Two to five years £000	Carrying amount £000	Total contracted cash flows £000
<b>31 October 2024</b>					
Trade & other payables	3,151	–	–	3,151	3,151
Lease liabilities	525	144	19	664	688
<b>Total financial liabilities</b>	<b>3,676</b>	<b>144</b>	<b>19</b>	<b>3,815</b>	<b>3,839</b>

See also note 22, which sets out the lease liabilities for less than 12 months and more than 12 months.

**Interest rate risk**

The Company is exposed to interest rate risk in respect of surplus funds held on deposit and, where appropriate, uses fixed interest term deposits to mitigate this risk.

**27. Related party transactions**

Details of Directors' remuneration are given in the report of the Remuneration Committee on pages 51 to 59 and note 10. On the 17 July 2025 Directors subscribed to 5,000,000 shares for a total consideration of £500,000.

A full list of subsidiaries and joint ventures is given in note 28.

**Joint venture**

During the year, the Company made sales of £56,000 to Speedy Hydrogen Solutions Limited. At year end there was a debtor balance of £3,400,000. In accordance with IFRS 9 – Financial Instruments, the Company assessed the recoverability of the receivable due from the JV. Following a detailed review of the JV's financial position and a change in its business plan, the receivable has been considered irrecoverable. An expected credit loss allowance for £2.8m has therefore been recognised in profit or loss within administrative expenses, with the remaining debtor balance being associated with reclaimable VAT (see Note 19).

**Remuneration of key management personnel**

Key management personnel are those individuals who have authority and responsibility for planning, directing, and controlling the activities of the Company. For AFC Energy Plc these are all Executive and Non-Executive Directors in office during each financial year.

	Year ended 31 October 2025 £000	Year ended 31 October 2024 £000
<b>Short-term employee benefits:</b>		
Salaries and bonuses	1,416	1,300
Termination benefits	114	234
Benefits in kind	34	52
	<b>1,564</b>	<b>1,586</b>
<b>Post-employment benefits:</b>		
Defined contribution pension plans	31	28
	<b>1,595</b>	<b>1,614</b>
<b>Share-based payments</b>	<b>1,102</b>	<b>756</b>
<b>Total</b>	<b>2,697</b>	<b>2,370</b>

Aggregate gains made by Directors on the exercise of share options and warrants was £nil (2024: £nil).

## Notes forming part of the financial statements continued

### 28. Joint venture, subsidiary and ultimate controlling party

The Company controls 50% of the voting rights of joint venture, Speedy Hydrogen Solutions Limited, which is accounted for and disclosed in accordance with IFRS 11 Joint Arrangements. The joint venture is registered in the United Kingdom with a company number 15264396. The address of the registered office is Chase House 16, The Parks, Newton-Le-Willows, Merseyside, United Kingdom WAT2 0JQ. The principal activity of the joint venture is the leasing of hydrogen fuel cells.

On 29 August 2024, the Company incorporated Hyamtec Limited, the first subsidiary of the Company. The subsidiary is registered in the United Kingdom with a registration number 15924441. The address of the registered office is Unit 68.3 Dunsfold Park, Cranleigh, Surrey, United Kingdom, GU6 8TB. The subsidiary is 100% owned by the Company and it has not traded since incorporation. Total unpaid share capital of £100 is included within other payables on the Company statement of financial position.

On 22 August 2025, the Company incorporated H-Power Limited, the second subsidiary of the Company. The subsidiary is registered in the United Kingdom with a registration number 16667976. The address of the registered office is Unit 68.3 Dunsfold Park, Cranleigh, Surrey, United Kingdom, GU6 8TB. The subsidiary is 100% owned by the Company and it has not traded since incorporation. Total unpaid share capital of £1 is included within other payables on the Company statement of financial position.

There is no ultimate controlling party.

### 29. Events occurring after the end of the reporting period

On 13 November 2025, the Company entered into a new lease agreement for its head office premises located at Dunsfold. The lease has a term of five years, commencing on 1 January 2026, with an annual lease charge of approximately £325,000.

This event relates to conditions that arose after the reporting date and does not provide evidence of conditions existing at 31 October 2025. Accordingly, no adjustment has been made to the financial statements for the year ended 31 October 2025.

The new lease represents a significant commitment that will impact future cash flows and operations.

## Company information

<b>Executive Directors</b>	<b>Appointed</b>	<b>Resigned</b>
BOSTOCK, Karl Robert	20-Jan-25	
WILSON, John Frederick	06-Jan-25	
BULLARD, Gary Bruce	23-Jul-24	31-Jan-25
DIXON-CLARKE, Peter	01-Dec-22	16-Dec-24
<b>Non-executive Directors</b>	<b>Appointed</b>	
AGNEW, Gerald Daniel, Dr	09-Sep-19	
BIDDULPH, Monika, Dr	03-Dec-21	
BULLARD, Gary Bruce	15-Apr-21	
NEALE, Duncan John	01-Aug-23	
<b>Company Secretary</b>	<b>Appointed</b>	
KEANE, Brendan James	09-Oct-23	

#### **Registered Office**

Unit 68.3 Dunsfold Park, CRANLEIGH, GU6 8TB

#### **Bankers**

Barclays Bank Plc, 40/41 High Street, CHELMSFORD, CM1 1BE  
Lloyds Bank Plc, 77-81 High Street, CHELMSFORD, Essex, CM1 1DU

#### **Joint Broker**

Zeus Capital Limited, 82 King Street, MANCHESTER, M2 4QW

#### **AIM Nominated Adviser and Joint Broker**

Peel Hunt LLP, 100 Liverpool Street, LONDON, EC2M 2AT

#### **Auditors and reporting accountants**

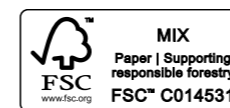
Grant Thornton UK LLP, 8 Finsbury Circus, LONDON, EC2M 7EA

#### **Financial PR Advisers**

DGA Group, One Fleet Place, EC4M 7RA, London, United Kingdom

#### **Registrars**

Computershare Limited, The Pavilions, Bridgwater Road, Bristol, BS13 8AE



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## **AFC Energy PLC**

Unit 68.3, Dunsfold Park  
Cranleigh, Surrey  
GU6 8TB, United Kingdom

[www.afcenergy.com](http://www.afcenergy.com)