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23 July 2024

AFC Energy PLC
("AFC Energy" or the "Company")

Interim Results for the half year to 30 April 2024

AFC Energy plc (AIM: AFC), a leading provider of hydrogen power generation solutions and technologies, is pleased to announce its interim results for the half year ended 30 April 2024 (H1 FY24).

Corporate Highlights

- Joint venture signed with Speedy Hire and Speedy Hydrogen Solutions (SHS) created
- First order from SHS, for £2.0m, and first sales, of £0.4m, with more to follow in H2 FY24
- £26.2m order book, after adjusting for the £0.4m delivered in H1 FY24
- Delivery of world's largest modular, scalable ammonia cracker facility

Post-period end

- £15.8m (gross) raised via placing and subscription, including by AFC Energy directors
- Strategic Supply Agreement with Illuming Power for scale production of fuel cell plates and stacks
- First operation of 200kW S+ Series H-Power generator
- Strategic Supply Agreement with Zollner for scale production of fuel cell modules

Outlook

- Continued revenue growth in H2 FY24 through further sales to SHS
- Delivery of 45kVA generator plus battery solution to ACCIONA
- First sales orders from TAMGO for the Saudi Arabian market
- Delivery of first partners for ammonia cracker

Board change

As announced earlier today, Adam Bond, CEO, advised the Board on 22 July 2024 of his decision to step down from his executive role as CEO. To facilitate a smooth transition, Gary Bullard, non-executive Chairman, will become executive Chairman until a successor CEO is in place.

Key Financials

£'000	**Six-months to Apr 2024**	**Six-months to Apr 2023**	**Year to Oct 2023**
Revenue	408	201	227
R&D tax credit generated	1,138	1,765	2,086
Loss after tax	(8,318)	(6,252)	(17,475)
£'000	**At Apr 2024**	**At Apr 2023**	**At Oct 2023**
Inventory	2,424	43	178
Cash & cash equivalents	12,288	32,736	27,366
Post–period-end fundraise	15,792	-	-

Adam Bond, Chief Executive of AFC Energy, said:

"We are delighted to see first revenues from our strategy to sell our generators to equipment hire companies. The first production run has already been assembled and sold and we will deploy the recent funding to accelerate production to deliver greater sales in H2.

We continue to see growing momentum behind the construction market's transition to non-diesel generators and are well positioned to take full advantage, not least through the agreement with Speedy Hydrogen Solutions.

Whilst the enormous value of our ammonia cracking technology is, as yet, unrecognised, the follow-on discussions from the high levels of industry interest are progressing well and we look forward to providing further detail on these in due course."

-ENDS-

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About AFC Energy

AFC Energy plc is a leading provider of hydrogen energy solutions, to provide clean electricity for on and off grid power applications. The Company's fuel cell technology is targeting near term 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. The Company's proprietary ammonia cracking technology further highlights emerging opportunities across the distributed hydrogen production market with a focus on hydrogen's role in supporting the decarbonisation of hard to abate industries.

Chief Executive's Statement

Revenue

Speedy Hydrogen Solutions (SHS) was created at the start of H1 FY24 and within that period we received our first order from SHS, for £2.0m, and made our first sales, of £0.4m, to it. Our rapid inventory build-up, accelerated since the fundraise, means that in H2 FY24 we will complete delivery of the first order. We expect additional orders within H2 FY24 and, supported by the recent fundraise, are building further capacity to deliver them in the coming months.

Order book

Our order book represents the total value of existing contracts and framework agreements. It underwrites our production scale-up and stands at £26.2m, being £26.6m at the end of FY23, less the £0.4m of subsequent sales.

This value reflects equipment only and does not include the additional revenue within the agreement from the sale of related services and hydrogen, the procurement of which we have considerable experience in-house.

ACCIONA, who has already provided so much valuable market feedback, are stringently testing our 45kWh generator and harmonised battery. Release of the generator and battery to Madrid, where the first deployment has been identified, is expected within a month.

Near-term orders

In the UK alone, we are seeing significant demand for our H-Power Generators driven largely by increasing requirements that Government projects, including multi-billion-pound projects such as HS2 and the Lower Thames Crossing, are decarbonised.

Since launching SHS, we have hosted several of the UK's top tier construction contractors, including Balfour Beatty, Costain and Vinci, who intend to decarbonise at the earliest opportunity. The high levels of interest for these visits benefits from the fact that many of our visitors are existing customers of Speedy Hire.

Beyond SHS, the sizeable market potential that exists, particularly within the Kingdom of Saudi Arabia, means we are already supporting TAMGO in their initial proposals to customers, including some of the largest companies and projects in the world. We are seeing first-hand the scope and size of these deployment opportunities and believe that TAMGO and the Zahid Group are well positioned to exploit the growing opportunities in the region.

In May, we announced a new collaboration with NiftyLift, the UK's leading supplier of mobile elevated work platforms with first revenue expected in 2025. This would be the first time we have supplied modules as a component to a third party's product and is one where huge potential demand has already been proven.

Fuel Cell Update

Leveraging the FY22 and FY23 successes of the H-Power Tower programme has driven improvements to form factor, system modularity (through an improved blade design), control systems and electronics.

Since our first factory acceptance, announced this March, the subsequent tests of multiple systems give growing confidence that our generators are well placed for deployment alongside SHS, ACCIONA and TAMGO.

As a precursor to sales, we announced receipt of independently awarded Attestation of Conformity from Germany's industry certification agency, TUV SUD. This award enables us to issue CE certified products for sale into the UK and European markets. This is the first certification awarded to AFC Energy and, having taken six months to achieve, is a testament to the engineering and quality of our system's design and compliance with regulations.

To get the best from outsourcing, we will maintain an internal capability to ensure that we retain both the 'know how' and quality assurance. To this end, we have rolled out a pilot assembly line and, supported by the recent fundraise, continue to build inventory and look for scale discounts within our supply chain.

Whilst our existing facilities could have capacity of up to 200 generators per annum, we expect to be outsourcing most of the work on our generators well before we achieve this throughput. A major step in our outsourcing strategy was the announcement of a strategic supply agreement with Illuming Power ("Illuming") in May. Illuming has already begun supplying stacks with improved performance and at pricing significantly below that of previous stacks.

Building on the agreement with Illuming, we have just announced a strategic supply agreement with Zollner, to bring scaling capability and a global footprint to the next generation of the modules that house our fuel cell stacks.

As part of our value engineering, we continue to engineer reduced cost stacks and modules to be introduced into subsequent generations of our H-Power Generators.

We were pleased to announce recently the initial operation of our latest 200kW S+ Series liquid cooled generator. This generator, which was co-funded by ABB e-Mobility, is designed to provide the backbone of the higher power class generators with a nameplate capacity of between 100kW and 500kW utilising the blade platform adopted by the air-cooled technology. The 200kW generator is continuing operational testing across all controls and systems.

Between the S Series offering 10-50kW and the S+ Series 100-500kW nameplate power ratings, we are in a unique position of providing standardised modules across all key power ranges utilising our own technology platforms.

Fuel Conversion Update

As the global investment in hydrogen production approaches US$1bn, the need for a global hydrogen trade in is also increasing. This is because the cost of producing hydrogen favours locations with low renewables costs (such as the Middle East) whilst the demand is usually located in higher renewable cost areas (such as Europe).

Ammonia is recognised as one of the market's leading carrier fuels for hydrogen, as it is carbon free, has relatively high energy density and good existing infrastructure for international storage and transportation. As ammonia is so critical to the hydrogen value chain there is a need to unlock the reconversion of ammonia back into hydrogen at place of use, which is the role of our ammonia cracker technology.

Over the last six months, we have delivered the world's first and largest modular, scalable ammonia cracker plant designed to deliver 400kg of fuel cell grade hydrogen per day, and the resultant technology is already achieving market leading efficiency when assessing power needs per kg of hydrogen production.

The flexibility of our modular ammonia cracker reactor means we can facilitate standalone fuel cell grade hydrogen for refuelling trucks, planes and buses, through to the integration of crackers with combustion engines. We are delivering the latter as part of our Entice (Enhanced Ammonia Cracking to Improve Engine Combustion and Emissions) project, which is our first Government grant win for fuel processing, under the Clean Maritime Demonstration Competition (CDMC) alongside Mahle Powertrains and Nottingham University.

The cracker has had many visitors from across the globe, including some of the world's largest industrial gas companies, chemicals groups, construction contractors and heavy plant and machinery OEMs. ICL, one of the UK's largest industrial chemicals businesses, presented at our Capital Markets Day, highlighting the UK based applications it is reviewing for our cracker technology. We are progressing a number of these use cases with partners and expect to make further announcements on these over the coming months.

Financial update

Overview

The results show the parallel transition of the company from research to development and development to commercial.

The transition from research to development, is evident in the capitalisation of £1.7m of development costs. The transition from development to commercial, is evident in the recognition of £0.4m of revenue, build-up of inventory to £2.4m and investment of £1.6m in equipment. The summarised cash flow, below, sets out the primary uses of funds over the period.

	£'m
Loss before tax	(9.5)
Non-cash items	1.5
	(8.0)
R&D credits received	-
Working capital movement	(3.1)
Cash absorbed by operating activities	(11.1)
Investing activities	(3.8)
Financing activities	(0.2)
	(15.1)
Brought forward cash	27.4
	12.3

Based on the £11.1m of cash absorbed by operating activities, adjusted for the £3.1m working capital movement and six-months-worth of the £2.1m FY23 R&D tax credit (received in full in the second half of each year), the monthly cash burn for H1 FY24 was £1.2m, which is consistent with prior guidance.

Operating activities

For H1 FY24 we recognised a post-tax loss of £8.3m (H1 FY23: £6.3m). This was after revenue of £0.4m (H1 FY23 £0.2m) and was driven by operating costs of £9.6m (H1 FY23: £8.2m) less R&D tax credits of £1.1m (H1 FY23: £1.8m).

The £1.4m increase to operating costs was due to an increase in payroll (excluding directors) of £0.6m and other employment costs, which includes temporary contractors and recruitment fees, of £0.6m.

The decrease in R&D tax credits was due to recent legislative changes, which decreased the uplift from 130% to 86% and the tax recovery rate from 14.5% to 10.0%. The £3.2m (FY23: £2.1m) receivable is generated by £2.1m from FY23 and £1.1m from H1 FY24. If the company qualifies under the recent legislative changes as an R&D intensive small or medium sized company, then the receivable balances could increase.

Of the £3.1m (H1 FY23: £1.2m) negative working capital movement, £2.2m related to inventory build-up and £0.7m to an increase in receivables. The inventory balance of £2.4m (FY23: £0.2m) includes additional modules for the generators to support after sales servicing.

Investing activities

Of the £3.8m (H1 FY23: £1.1m) invested in H1 FY24, £0.6m (H1 FY23: £0.0m) related to the initial investment into SHS, £1.7m (H1 FY23: £0.2m) to intangible assets and £1.6m (H1 FY23: £1.1m) into plant & equipment.

Under the terms of the SHS joint venture agreement, both parties have made initial equity investments of £625,000, with additional SHS cash requirements to be funded from receipts and the issuance of loan notes to the owners, up to a total value of £1,875,000 each, and giving a total investment of £2.5m by each investee.

Of the £1.7m of development costs capitalised as intangible assets, £1.0m relates to fuel cells projects and the £0.7m balance to fuel processing projects.

Of the £1.6m of plant & equipment, £0.8m relates to the purchase of the Octopus hydrogen assets at the start of H1 FY24 and the balance to manufacturing equipment for assembly of the fuel cell generators.

Financing activities (post balance sheet)

In June, we announced a successful placing and retail offer which raised a total of £15.8m (placing of £13.7m plus retail subscription of £2.0m plus directors' subscription of £0.1m). The primary use of proceeds will be the scale up of our manufacturing and inventory to support sales to SHS.

Outlook

We remain optimistic about our aim to displace diesel in general and diesel generators in particular and will continue to focus on growing the revenue from doing this.

Our £26.2m order book already underwrites our scale-up, and further opportunities such as TAMGO and NiftyLift will continue to build momentum.

The progress of our ammonia cracker will continue, both technologically and commercially, with news flow expected in the coming months.

The continued execution of our strategy to displace diesel aligns well with industry projections and commitments and we will continue to capitalise on these opportunities by focusing on market penetration.

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 April 2024

	Note	Six months ended 30 April 2024 £000 Unaudited	Six months ended 30 April 2023 £000 Unaudited	Year ended 31 October 2023 £000 Audited
Revenue from customer contracts	3	408	201	227
Cost of sales		(523)	(164)	(294)
Gross (Loss)/ profit		**(115)**	**37**	(67)
Other income		176	13	41
Operating costs	4	(9,612)	(8,209)	(19,994)
Operating loss		**(9,551)**	**(8,159)**	(20,020)
Finance costs	5	(51)	(42)	(53)
Bank interest receivable	5	146	184	512
Loss before tax		**(9,456)**	(8,017)	(19,561)
Taxation	6	1,138	1,765	2,086
Loss for the financial period and total comprehensive loss attributable to owners of the Company		**(8,318)**	(6,252)	(17,475)
Basic loss per share: pence	7	(1.11)	(0.85)	(2.36)
Diluted loss per share: pence	7	(1.11)	(0.85)	(2.36)

All amounts relate to continuing operations. There were no items of other comprehensive income during the period.

The above unaudited statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 April 2024

	Note	30 April 2024 £000 Unaudited	30 April 2023 £000 Unaudited	31 October 2023 £000 Audited
Assets				
Non-current assets				
Intangible assets	8	1,942	496	264
Right-of-use assets	9	860	1,353	1,097
Tangible fixed assets	10	4,389	3,761	3,756
Investment in JV	14	625	-	-
		7,816	5,610	5,117
Current assets				
Inventory	11	2,424	43	178
Receivables	12	1,937	2,892	1,231
Income tax receivable		3,226	4,815	2,088
Cash and cash equivalents		12,288	32,736	27,366
Restricted cash		435	612	258
		20,310	41,098	31,121
Total assets		28,126	46,708	36,238
Current liabilities				
Payables	13	(3,676)	(3,084)	(3,728)
Lease liabilities		(491)	(478)	(477)
		(4,167)	(3,562)	(4,205)
Non-current liabilities				
Lease liabilities		(4)	(847)	(647)
Provisions		(326)	(301)	(301)
		(730)	(1,148)	(948)
Total liabilities		(4,897)	(4,710)	(5,153)
Total net assets		23,229	41,998	31,085
Capital and reserves attributable to owners of the Company				
Share capital		747	745	746
Share premium		118,598	118,477	118,520
Other reserve		4,162	4,585	3,779
Retained deficit		(100,278)	(81,809)	(91,960)
Total equity attributable to shareholders		23,229	41,998	31,085

The above unaudited statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 April 2024

	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 period	-	-	-	(8,318)	(8,318)
Exercise of share options	1	78	-	-	79
Equity settled share-based payments					
- Charged in the period	-	-	383	-	383
Balance at 30 April 2024	747	118,598	4,162	(100,278)	23,229

For the six months ended 30 April 2023

	Share capital £000	Share premium £000	Other reserve £000	Retained loss £000	Total £000
Balance at 1 November 2022	735	116,487	4,073	(75,557)	45,738
Loss after tax for the period	-	-	-	(6,252)	(6,252)
Issue of equity shares	10	1,990	-	-	2,000
Equity settled share-based payments					
- Charged in the period	-	-	512	-	512
Balance at 30 April 2023	745	118,477	4,585	(81,809)	41,998

For the year ended 31 October 2023

	Share capital £000	Share premium £000	Other reserve £000	Retained loss £000	Total £000
Balance at 1 November 2022	735	116,487	4,073	(75,557)	45,738
Loss after tax for the year	-	-	-	(17,475)	(17,475)
Issue of equity shares	10	1,990	-	-	2,000
Equity settled share-based payments					
- Lapsed or exercised in the period	1	43	(1,072)	1,072	44
- Charged in the period	-	-	778	-	778
Balance at 31 October 2023	746	118,520	3,779	(91,960)	31,085

The above unaudited statements of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

For the six months ended 30 April 2024

	Note	30 April 2024 £000 Unaudited	30 April 2023 £000 Unaudited	31 October 2023 £000 Audited
Cash flows from operating activities				
Loss before tax for the period		(9,456)	(8,017)	(19,561)
Adjustments for:				
Amortisation of intangible assets	8	40	34	110
Loss on disposal of intangible assets	8	-	-	1
Depreciation of right-of use-assets	9	237	229	455
Depreciation of tangible assets	10	949	578	1,084
Loss on disposal of tangible assets	10	-	-	34
Depreciation of decommissioning asset	10	-	-	15
Equity-settled payments		383	512	778
Interest received	5	(146)	(184)	(428)
Lease finance charges	5	23	35	69
Cash flows from operating activities before changes in working capital and provisions		(7,970)	(6,813)	(17,443)
R&D tax credits received		-	1,025	4,073
(Increase)/decrease in restricted cash		(176)	-	354
(Increase) in inventory		(2,246)	-	(135)
(Increase) in receivables		(706)	(2,153)	(109)
Increase/(decrease) in payables		(52)	(141)	121
Increase in provision		25	-	-
Cash absorbed by operating activities		(11,125)	(8,082)	(13,139)
Cash flows from investing activities				
Investment in Joint Venture		(625)	-	-
Additions to intangible assets		(1,717)	(218)	(63)
Purchase of plant and equipment		(1,582)	(1,057)	(1,607)
Interest received		146	184	428
Net cash absorbed by investing activities		(3,778)	(1,091)	(1,242)
Cash flows from financing activities				
Proceeds from the issue of share capital		-	2,000	2,000
Proceeds from the exercise of options		79	-	45
Lease payments		(231)	(276)	(449)
Lease interest paid		(23)	(35)	(69)
Net cash from financing activities		(175)	1,689	1,527
Net decrease in cash and cash equivalents		(15,078)	(7,484)	(12,854)
Cash and cash equivalents at start of period/ year		27,366	40,220	40,220
Cash and cash equivalents at end of period/ year		12,288	32,736	27,366

The above unaudited statement of cash flows should be read in conjunction with the accompanying notes.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Details of the significant accounting policies are set out below.

a) Basis of preparation

These interim results for the six-months ended 30 April 2024 are unaudited. They have been prepared in accordance with IAS 34 'Interim Financial Reporting' in conformity with Companies Act 2006. These interim results have been drawn up using the accounting policies and presentation consistent with those disclosed and applied in the annual report and accounts for the year ended 31 October 2023. The comparative information contained in the report does not constitute the accounts within the meaning of section 435 of the Companies Act 2006.

A number of new or amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

These interim results have been prepared on a going concern basis notwithstanding the trading losses being carried forward and the expectation that trading losses will continue for the near future as the company transitions from research and development to commercial operations.

The directors are required to assess whether it is appropriate to prepare these interim results on a going concern basis. In making this assessment the directors need to be satisfied that the company can meet its obligations as they fall due for at least 12 months from the date of this report.

The directors make their assessment based on a cash flow model prepared by management which sets out expected cash flows for the 12 months from the date of this report.

The downside sensitivities applied to the cash flow forecasts primarily relate to delays to development and delivery and/ or an overspend of cost of sales.

Having concluded that the company remains a going concern, these interim results have therefore been prepared on that basis.

2. SEGMENTAL ANALYSIS

Operating segments are determined by the chief operating decision maker based on information used to allocate the Company's resources. The information as presented to internal management is consistent with the statement of comprehensive income. It has been determined that there is one operating segment, which researches and develops fuel cell and fuel conversion technologies. In the period to 30 April 2024, the Company operated mainly in the United Kingdom. All non-current assets are in the United Kingdom.

3. REVENUE

	Six months ended 30 April 2024 £000 Unaudited	Six months ended 30 April 2023 £000 Unaudited	Year ended 31 October 2023 £000 Audited
Rendering of services earned over time			
Rental	8	133	137
Other revenue	400	68	90
Revenue	408	201	227
Being			
Cah consideration	408	129	161
Consideration in kind	0	72	66
Revenue	408	201	227

Other revenue represents sales to SHS. The consideration in kind related to marketing services received from the customer and fair valued in accordance with the contract. The fair value was expressly quantified in the contract and agreed by both parties.

4. OPERATING COSTS

The operating costs consist of:

	Six months ended 30 April 2024 £000 Unaudited	Six months ended 30 April 2023 £000 Unaudited	Year ended 31 October 2023 £000 Audited
Materials	1,350	1,502	4,679
Payroll (excluding directors)	3,719	3,078	6,690
	5,069	4,580	11,369
Directors' costs	656	776	1,895
Other employment costs	1,106	463	1,033
Occupancy costs	417	368	884
Other administrative expenses	1,279	911	2,370
	8,527	7,098	17,551
Amortisation of intangible assets	40	34	110
Depreciation of Right of Use assets	237	229	455
Depreciation of tangible fixed assets	950	578	1,099
Less depreciation of rental asset charged to cost of sales	-	(96)	(65)
Consideration in kind	-	72	66
Share based payments	383	512	778
Operating costs capitalised	(525)	(218)	-
	9,612	8,209	19,994

Occupancy costs include repairs and maintenance, utilities and lease payments.

5. NET FINANCE INCOME

	Six months ended 30 April 2024 £000 Unaudited	Six months ended 30 April 2023 £000 Unaudited	Year ended 31 October 2023 £000 Audited
Lease interest	(23)	(35)	(69)
Exchange rate differences	(19)	-	22
Bank charges	(9)	(7)	(6)
Total finance cost	(51)	(42)	(53)
Bank interest receivable	146	184	512
	95	142	459

6. TAXATION

	Six months ended 30 April 2024 £000 Unaudited	Six months ended 30 April 2023 £000 Unaudited	Year ended 31 October 2023 £000 Audited
Recognised in the statement of comprehensive income:			
R&D tax credit - current period	1,138	1,765	2,088
R&D tax credit - prior year	-	-	(2)
Total tax credit	1,138	1,765	2,086

7. 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 period.

	Six months ended 30 April 2024 £000 Unaudited	Six months ended 30 April 2023 £000 Unaudited	Year ended 31 October 2023 £000 Audited
Basic loss per share: pence	1.11	0.85	2.36
Diluted loss per share: pence	1.11	0.85	2.36
Loss attributable to equity Shareholders	£8,318	£6,252	17,475
Weighted average number of shares in issue	746,759	736,732	741,451

Diluted earnings per share: There are share options and warrants outstanding as at 30 April 2024 which, if exercised, would increase the number of shares in issue. However, the diluted loss per share is the same as the basic loss per share, as the loss for the period has an anti-dilutive effect.

8. INTANGIBLE ASSETS

	Development costs £0000	Patents £000	Commercial rights £000	Intangible assets £000
Cost				
As at 1 November 2023	-	1,283	121	1,404
Additions	1,691	27	-	1,718
As at 30 April 2024	1,691	1,310	121	3,122
Amortisation				
As at 1 November 2023	-	1,049	91	1,140
Charge for the financial period	-	28	12	40
As at 30 April 2024	-	1,077	103	1,180
Net book value				
As at 1 November 2023	-	234	30	264
As at 30 April 2024	1,691	233	18	1,942

	Development costs £000	Patents £000	Commercial rights £000	Intangible assets £000
Cost				
As at 1 November 2022	229	1,220	121	1,570
Additions	218	1	-	(219)
Disposal	(229)	-	-	(229)
As at 30 April 2023	218	1,221	121	1,560
Amortisation				
As at 1 November 2022	229	979	51	1,259
Charge for the financial period	-	22	12	34
Disposal	(229)	-	-	(229)
As at 30 April 2023	-	1,001	63	1,064
Net book value				
As at 1 November 2022	-	241	70	311
As at 30 April 2023	218	219	58	496

	Development costs £000	Patents £000	Commercial rights £000	Intangible assets £000
Cost				
As at 1 November 2022	229	1,220	121	1,570
Additions	-	63	-	63
Disposal	(229)	-	-	(229)
As at 31 October 2023	-	1,283	121	1,404
Amortisation				
As at 1 November 2022	229	979	51	1,259
Charge for the year	-	70	40	110
Disposal	(229)	-	-	(229)
As at 31 October 2023	-	1,049	91	1,140
Net book value				
As at 1 November 2022	-	241	70	311
As at 31 October 2023	-	234	30	264

9. RIGHT-OF-USE ASSETS

	Buildings £000
Cost	
As at 1 November 2023	1,985
As at 30 April 2024	1,985
Depreciation	
As at 1 November 2023	888
Charge for the financial period	237
As at 30 April 2024	1,125
Net book value	
As at 1 November 2023	1,097
As at 30 April 2024	860

	Buildings £000
Cost	
As at 1 November 2022	1,885
Additions	606
Disposals	(476)
As at 30 April 2023	2,009
Depreciation	
As at 1 November 2022	909
Charge for the financial period	229
Disposals	(476)
As at 30 April 2023	662
Net book value	
As at 1 November 2022	976
As at 30 April 2023	1,353

	Buildings £000
Cost	
As at 1 November 2022	1,885
Additions	576
Disposals	(476)
As at 31 October 2023	1,985
Depreciation	
As at 1 November 2021	909
Charge for the year	455
Disposals	(476)
As at 31 October 2022	888
Net book value	
As at 1 November 2021	976
As at 31 October 2022	1,097

10.TANGIBLE FIXED ASSETS

	Leasehold Improvements £000	Decommissioning Asset £000	Fixtures, fittings and equipment £000	Assets Under Construction £000	Total £000
Cost					
As at 1 November 2023	3,848	300	3,975	288	8,411
Additions	30	25	983	544	1,582
As at 30 April 2024	3,878	325	4,958	832	9,993
Depreciation					
As at 1 November 2023	1,394	300	2,961	-	4,655
Charge for the financial period	603	25	321	-	949
As at 30 April 2024	1,997	325	3,282	-	5,604
Net book value					
As at 1 November 2023	2,457	-	1,012	288	3,756
As at 30 April 2024	1,881	-	1,676	832	4,389

The company has set up a decommissioning asset for the estimated cost of removing the plant and equipment installed at the Stade site in Germany. As the hydrogen offtake agreement, for five-years from January 2023, was renewed no decision has been taken as to when the site might be decommissioned.

	Leasehold Improvements £000	Decommissioning Asset £000	Fixtures, fittings and equipment £000	Asset Under construction £000	Total £000
Cost					
As at 1 November 2022	2,570	300	3,562	406	6,838
Additions	-	-	73	984	1,057
As at 30 April 2023	2,570	300	3,635	1390	7,895
Depreciation					
As at 1 November 2022	746	285	2,525	-	3,556
Charge for the financial period	303	5	270	-	578
As at 30 April 2023	1,049	290	2,795	-	4,134
Net book value					
As at 1 November 2022	1,824	15	1,036	406	3,282
As at 30 April 2023	1,521	10	839	1,390	3,761

	Leasehold Improvements £000	Decommissioning Asset £000	Fixtures, fittings and equipment £000	Asset Under Construction £000	Total £000
Cost					
As at 1 November 2022	2,570	300	3,562	406	6,838
Additions	985	-	334	288	1,607
Disposals	(9)	-	(25)	-	(34)
Transfer between categories	303	-	103	(406)	-
As at 31 October 2023	3,849	300	3,974	288	8,411
Depreciation					
As at 1 November 2022	746	285	2,525	-	3,558
Charge for the year	648	15	436	-	1,097
As at 31 October 2023	1,394	300	2,961	-	4,655
Net book value					
As at 1 November 2022	1,824	15	1,037	406	3,282
As at 31 October 2023	2,455	-	1,013	288	3,756

11. INVENTORY

	30 April 2024 £000 Unaudited	30 April 2023 £000 Unaudited	31 October 2023 £000 Audited
Raw materials	1,118	173	185
Work in progress	1,792	-	405
Provision	(486)	(130)	(412)
	2,424	43	178

Inventory is valued per IAS2 as the lowest of cost or net realisable value. The increase in inventory reflects the order for H-Power Generators from SHS.

12. RECEIVABLES

	30 April 2024 £000 Unaudited	30 April 2023 £000 Unaudited	31 October 2023 £000 Audited
Trade receivables	744	166	107
VAT receivables	506	1,110	383
Other receivables	92	844	217
Prepayments	595	772	524
	1,937	2,892	1,231

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

The increase in trade receivables is mainly due to the sale of the first H-Power Generators to SHS. All receivables have subsequently been paid to the company.

13. PAYABLES

	30 April 2024 £000 Unaudited	30 April 2023 £000 Unaudited	31 October 2023 £000 Audited
Trade payables	1,381	986	931
Deferred revenue	1,423	1,424	1,423
Other payables	354	485	416
Accruals	518	189	958
	3,676	3,084	3,728

The deferred revenue relates to non-refundable payments made under the November 2021 contract with ABB E-mobility. As part of the renegotiation of this contract in March 2023, it was agreed with ABB that this balance would be earned against pre-agreed discounts over the sale of the first ten units.

14. INVESTMENT IN JV

The company signed a Joint Venture Agreement (JVA) with Speedy Hire (SDY) plc in November 2023 which resulted in the creation of Speedy Hydrogen Services (SHS) limited.

The company has assessed the relationship with SHS under *IFRS11: Joint Arrangements* and concluded that it is a joint venture. As the company does not control SHS, it has not been consolidated into the company's results.

SHS is owned 50:50 by the company and SDY, with both parties providing initial funding via equity investments of £625,000. This investment, and any further investments, will be accounted for on a cost basis.

In addition to the JVA with SDY, the company signed a Supply & Maintenance Agreement (SMA) with SHS under which it will supply goods, hydrogen fuelled generators, and services. The SMA has been assessed under *IFRS15: Revenue from Contracts with Customers* and the company has concluded, amongst other things, that SHS will be acting as principal in the purchase of generators from the company for onwards hire. All such transactions with SHS are at arms-length.

15. POST BALANCE SHEET EVENTS

On 8 May 2024, the company announced a strategic supply agreement with Illuming for scale production of fuel cell plates and stacks.

On 20 May 2024, the company announced its agreement to supply Niftylift (UK) with its S Series fuel cell modules for integration into its next generation mobile elevating work platform.

On 11 June 2024, the company announced the Placing of 91,279,000 shares at a price of 15p each, which raised £13.7m, and a Subscription by certain directors for 666,666 shares at a price of 15p each, which raised £0.1m, making a total of 13.8m.

On 12 June 2024, the company announced the issue of 13,333,333 shares at a price of 15p each, via a REX Retail Offer, which raised an additional £2m and making a total raised of £15.8m.

On 22 July 2024, the company announced a strategic supply agreement with Zollner for scale production of fuel cell modules.

On 22 July 2024, Adam Bond, CEO, advised the Board of his decision to step down from his executive role as CEO. Gary Bullard, non-Executive Chairman, will become Executive Chairman until a successor CEO is in place.

16. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information contained in this interim statement does not constitute accounts as defined by the Companies Act 2006. The financial information for the preceding period is based on the statutory accounts for the year ended 31 October 2023. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

Copies of the interim statement may be obtained from the Company Secretary, AFC Energy PLC, Unit 71.4 Dunsfold Park, Cranleigh, Surrey GU6 8TB, and can be accessed from the Company's website at www.afcenergy.com.