

Clean energy innovation

Annual Report
and Accounts
2024



AEØNE7LN

A6 17/04/2025 #108
COMPANIES HOUSE

ADZLAWVE

A01 01/04/2025 #74
COMPANIES HOUSE

THURSDAY

TU

Our purpose

We're on a mission
to replace fossil fuel
generation with end to
end hydrogen solutions

Our vision

We want to help create a world where power no longer comes from using fossil fuels. A world full of green technology including electric vehicles, renewable generation, battery storage and of course hydrogen fuel cells. The hydrogen economy is here and growing fast.



At a glance
page 4



CEO - Q&A
page 12



Hydrogen Market
Opportunity
page 18



OVERVIEW	
2024 Highlights	2
At a glance	4
STRATEGIC REVIEW	
Chairman's Statement	6
Chief Executive's Statement	10
Q&A	12
The Role of Hydrogen in the Future of Energy	14
Hyamtec Market Opportunity	18
Strategy in Action	22
Financial Review	24
ESG Governance and Strategy	26
Section 172	33
Risk Management	34
CORPORATE GOVERNANCE	
Board of Directors	38
Roles of The Board and Sub-Committees	40
Corporate Governance Statement	42
Audit and Risk Committee Report	43
Nomination Committee Report	45
Remuneration Committee Report	47
Directors' Report	59
Statement of Directors' Responsibilities	60
FINANCIAL STATEMENTS	
Independent Auditor's Report	61
Statement of comprehensive income	70
Statement of financial position	71
Statement of changes in equity	72
Cash flow statement	73
Notes forming part of the financial statements	74
Company information	100

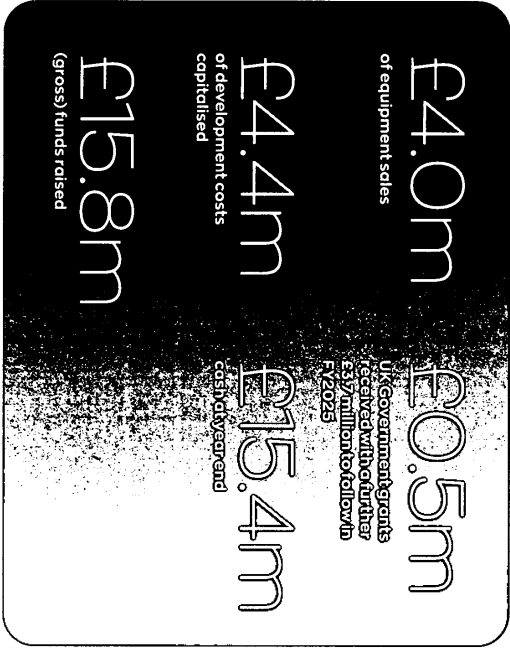


Scan to view
online report

2024 Highlights

Financial

Strong financial performance driven by sales of hydrogen fuelled power generators to Speedy Hire Services



Commercial

Delivering generators, scaling production capabilities and driving the commercialisation of ammonia cracker technology

Operational Delivery

- Manufacture and delivery of 20 fuel cell generators to our joint venture with Speedy Hire plc, Speedy Hydrogen Solutions. Detailed engagement with leading UK construction companies to unlock generator deployments.
- Production facility capable of producing up to 250 fuel cell units annually (Dunsfold Park, Surrey).
- Deployment of 45 kVA H-Power generator (comprising 30kW fuel cell and 60kWh battery) at an ACCIONA construction site in Madrid, Spain.
- Launch of Hyamtec to drive the commercialisation of AFC Energy's proprietary ammonia cracker technology for an affordable, scalable and accelerated route to hydrogen production. Ongoing discussions with potential partners for deployments in energy intensive sectors.
- Opportunity to support fuel cell deployment in the UK construction sector through an end-to-end solution.

ESG

- 1.68 Lost Time Injuries (LTIs) per on-site hours (LTIFR).
- Achieved ISO 14001 certification.
- High levels of employee engagement for annual staff and ESG surveys.

Technology In Development

S Series Generator

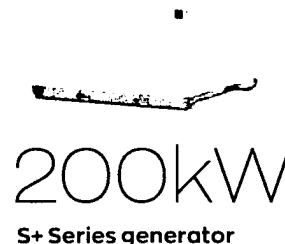
- Third Generation S Series Generators with reduced cost, size, and weight.
- Improved performance, low-cost S series stack technology.
- Smaller, cleaner, quieter and more flexible than equivalent diesel generators.

S+ Series Generator

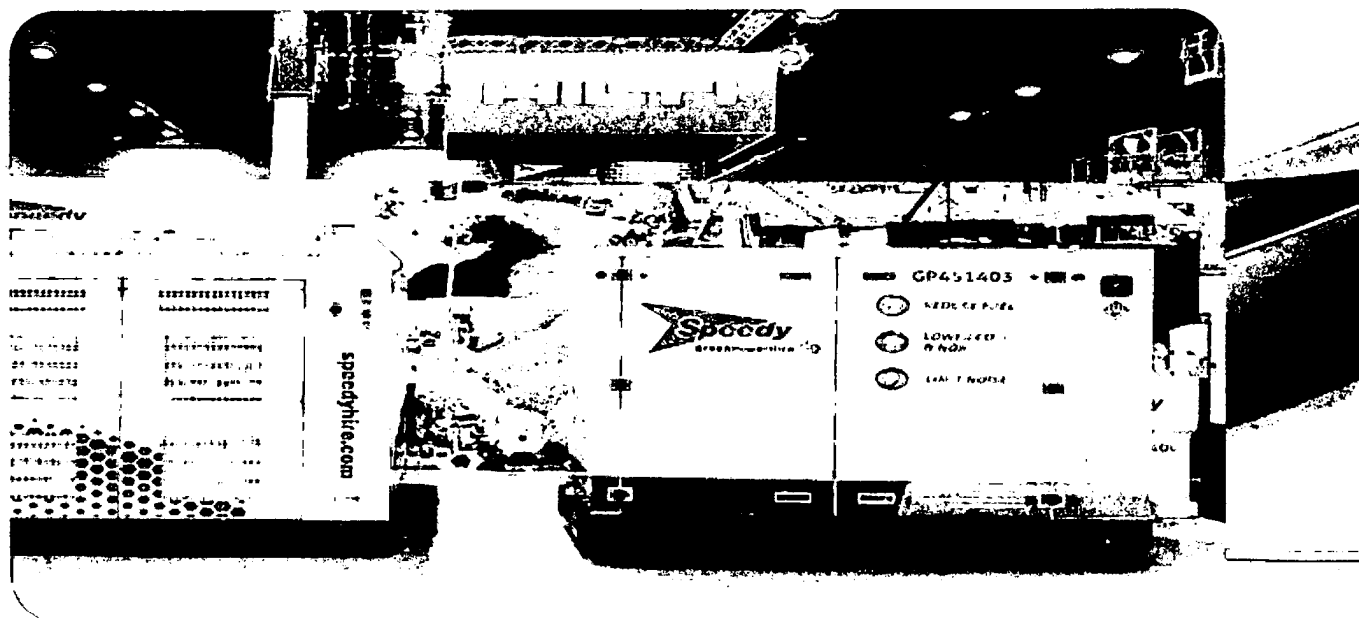
- Compact 100 kW modular, scalable fuel cell power module.
- Second Generation S+ Series Generator with reduced cost, size and weight.

Hyamtec

- Scaling our current architecture x100 to address large scale hydrogen demands.
- Improved energy efficiency and thermal response for load-following applications.
- Confirmation and protection of the manufacturing methods for low-cost assembly.
- Commercial roll-out and demonstration of our systems to build up in-field operational data.



03



At a glance

Improving the world with hydrogen power solutions

Our Story

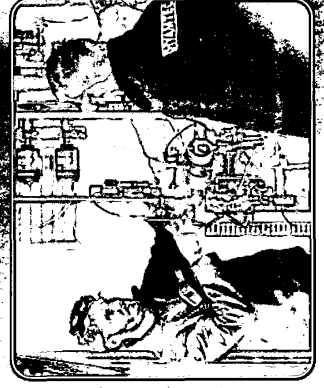
We're AFC Energy – delivering hydrogen power solutions to replace fossil fuel generation. For over a decade we've been using our engineering knowhow, technology patents and shared vision to develop clean energy technology.

Commercialising Technology

We've been busy designing, building, testing and refining our fuel cell technology. Generations of working prototypes, each one a technical improvement on the previous, has led us to the latest range of efficient and commercial hydrogen power generation technologies – we've come a long way.

Pioneering spirit

We're based at Dunsfold Aerodrome, historically home to pioneering organisations including British Aerospace. A perfect location for our base that includes offices, research, testing and manufacturing centres.



Led by values

With ambition, team-work and innovation we are making progress for our customers, our planet and our shareholders. We do this by bringing great solutions for our end users.



Customer first



Collaboration



Accountability



Responsibility

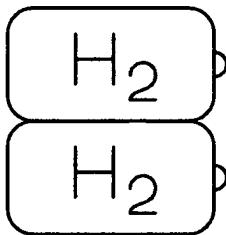


Innovation

Commercial Relationships



acciona



HYAMTEC

AFC Energy Launches Hyamtec to Drive Commercialisation of Ammonia Cracker Technology

Unique Technology

Ammonia crackers are critical to unlocking an affordable, scalable and accelerated route to hydrogen generation, enabling industries to decarbonise without requiring extensive new infrastructure.

Proven Innovation

AFC Energy has designed and developed modular, compact ammonia crackers to meet industry's needs.

Strategic Focus

Hyamtec will drive the commercialisation of ammonia cracking technology, offering low-cost and scalable on-demand hydrogen production for industrial and mobile applications.

Key Markets

Hyamtec is targeting:

- Hydrogen-rich fuel gas for decarbonising industrial heat generation applications.
- Ammonia conversion for large capacity combustion engines in power generation, marine and mining sectors.
- Modular, purified hydrogen production for fuel cells and transport applications.



Scan to read more or click

www.yamtec.com

Chairman's Statement

A year of operational progress for AFC Energy

Delivering to our joint venture with Speedy Hire plc and scaling up AFC Energy's manufacturing capability

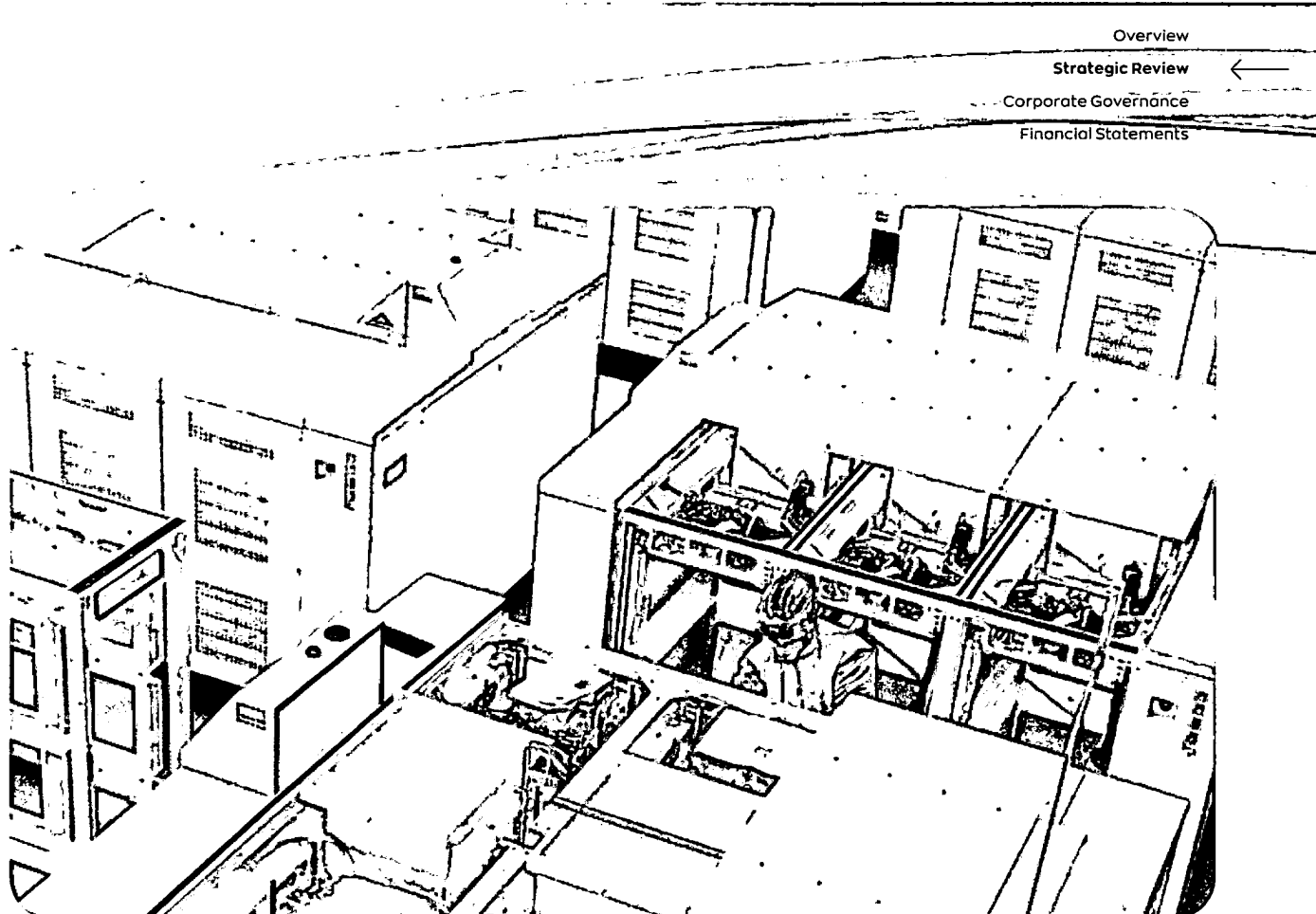
06



We continue to build on our vision of delivering innovative hydrogen and ammonia based solutions for clean energy

This year, we achieved significant milestones that reflect our operational progress, including the production and delivery of our first batch of fuel cells, the successful launch of the Hyamtec brand, and the expansion of our manufacturing capacity to support these developments. These achievements reinforce AFC's position as a key contributor to the global energy transition.

The market environment for hydrogen is rapidly evolving, and the momentum behind renewable energy remains strong. Globally, numerous large-scale projects have reached final investment decisions to produce hydrogen from renewable sources, with many adopting ammonia as a transport medium. Challenges remain, particularly in the availability, logistics, and cost of hydrogen. However, regulatory and commercial pressures on sectors such as construction to achieve net-zero emissions is increasingly driving adoption of clean energy alternatives. In the UK, initiatives such as the Hydrogen Allocation Round and investments by the



National Wealth Fund are paving the way for increased hydrogen supply at more attractive prices. Against this backdrop, AFC's ammonia cracking technology offers a transformative opportunity to support decarbonisation in hard-to-abate sectors like heavy manufacturing, cement, industrial heating and stationary engines, providing a carbon-neutral alternative to LNG and natural gas.

Strategically, our focus on the construction sector represents a deliberate and necessary shift in AFC's approach. Over recent years, we successfully demonstrated our fuel cell technology across a variety of applications, gaining positive feedback from partners. However, while the technology performed to expectations, commercial traction in these sectors remained elusive. Challenges such as the lack of affordable hydrogen supply, infrastructure constraints, and transportation hurdles often stalled broader adoption. Even in cases where hydrogen was available at competitive prices, companies were hesitant to commit to substantial changes in their

business models, particularly where reliance on government subsidies created uncertainties. The lack of experience with hydrogen as a fuel and a reluctance to take on the risks of being first movers further compounded the issue. Adoption will inevitably occur in these sectors, and whilst validation and verification of our technology has been proven, our focus is now concentrated on where the barriers to adoption are lower.

As such, the construction sector presented a uniquely compelling requirement for hydrogen solutions. In this industry, immediate demand is being driven by significant infrastructure projects with zero-emission mandates and regulatory changes such as the removal of advantageous red diesel pricing in the UK. These dynamics created an environment where hydrogen is not just a desirable option but an essential one. At the same time, the construction sector is challenging, with demanding environmental conditions, a need for highly mobile and user-friendly equipment, and requirements for seamless integration into existing workflows

and risk assessments. Tackling these challenges has given us the opportunity to refine and enhance our offering, building capabilities that can be applied across less demanding sectors in the future.

Our partnership with Speedy Hire plc, through the Speedy Hydrogen Solutions joint venture, has been pivotal in this strategy. Speedy's willingness to invest as a first mover in this sector aligns perfectly with the immediate needs of the UK construction market. By working closely with Speedy and major UK construction companies, we are gaining invaluable insights that inform the continuous development of our products and associated services. The rental model employed by Speedy also lowers the risk for end users, making it easier for them to adopt hydrogen-powered solutions. Furthermore, the characteristics of our 30kW fuel cells often allow them to replace much larger diesel generators, particularly when deployed as part of hybrid systems incorporating renewable or traditional energy sources.

Chairman's Statement continued

Unlocking the potential for cost-effective hydrogen deployment

08

We are developing a pre-2030 roadmap to deliver on-site cost parity (or even superiority) with the cost of diesel, without relying on government subsidies.

This focused approach has enabled us to transition away from one-off projects in other sectors, where short-term commercial traction was unclear, to concentrate on scaling and improving our current fuel cell solutions. In parallel, we are investing in the development of future iterations and scaling-up opportunities. The experience and success we are achieving with Speedy in the UK serves as a potential blueprint for geographic expansion into markets such as the Middle East and the US.

Our strategic rationale also includes the development of ammonia cracking technology. With major global players committing to hydrogen production using ammonia as a carrier, we see a clear path to addressing the needs of energy-intensive, hard-to-abate sectors such as cement, asphalt and mining. Ammonia is also the obvious choice for marine applications, given the scale and efficiency required.

In certain use cases, hydrogen combustion engines (powered by ammonia-cracked hydrogen) offer a better solution than fuel cells, particularly for heavy-duty equipment like excavators and other plant machinery.

The pace of our development, combined with validation and interest from leading industrial players, reinforces our confidence in the potential of our technology. We are developing a roadmap to deliver on-site cost parity (or even superiority) with diesel, without relying on government subsidies before 2030.

By unlocking the potential for cost-effective hydrogen deployment, we are laying the groundwork for widespread adoption of this critical fuel, driving decarbonisation and opening new opportunities for AFC Energy in the global clean energy economy.

This year has also been notable for governance and leadership transitions. We achieved ISO certifications 9001, 24001, and 14001, which underscore our commitment to operational excellence and sustainability. Internally, we continue to enhance our sustainability framework through an active ESG Committee chaired by Monika Biddulph, reflecting our commitment to being a responsible business. Our executive management has been strengthened by the addition of John Wilson and Karl Bostock, whose proven track records in scaling engineering companies make them the ideal leaders for AFC's next growth phase. At the same time, we acknowledge the significant contributions of Adam Bond, who, after twelve years with the company (ten as CEO) returned to his family in Australia, and Peter Dixon-Clarke, who provided invaluable support over the past





AFC Energy
HYDROGEN POWER FOR A BETTER WORLD

Two years as CFO. During this transitional period, I stepped in as interim CEO before resuming my role as Non-Executive Chairman. While we have chosen not to make changes to the composition of our Non-Executive Directors at this time, we remain aware of the need to improve diversity.

We successfully raised £15.8 million (gross) during the year, an important achievement in a challenging small-cap market. This funding has supported our strategic initiatives and strengthened our financial position. Shareholder engagement has been a priority, with visits from institutional investors and the introduction of interactive 'Investor Meets Company' sessions, which have broadened our communication with retail shareholders.

One of the Board's key responsibilities is fostering the Company's corporate culture. To do so, the Board regularly reviews AFC Energy's culture, behaviour, skills and principal risks against the values the Company has adopted, including the results of the staff survey (details of which are set out on page 28). The Board considers that the executive management continues to build the appropriate culture and underlying processes to maintain and enhance a corporate culture fit for success.

Looking to the future, we are focused on scaling our operations to meet the increasing global demand for clean energy solutions.

Gary Bulford

Chairman

18 March 2025

Chief Executive's Statement

2024 has been a breakthrough year for AFC Energy

This year, we took a major step forward in repositioning the Company, transforming from a research-driven organisation into one with serious manufacturing capability and a clear focus on commercialisation.

10



We successfully delivered our first significant revenues in the Company's history and launched our world-leading capabilities in ammonia cracking technology. These achievements reflect the depth of our innovation and our commitment to delivering sustainable, zero-emission power solutions at scale.

Hydrogen is poised to become a cornerstone of the future zero-carbon economy. While much attention has been focused on the production of hydrogen, there remains a critical need to address its usage and transport. AFC Energy is uniquely positioned to bridge this gap, with solutions that enable hydrogen to be utilised effectively for off-grid power, as a clean alternative to diesel, and through ammonia cracking to provide a scalable and immediate solution in hard-to-abate sectors. These include industries currently reliant on gas or LNG, where electricity is not a viable substitute.



In the short term, our joint venture with Speedy Hire plc (Speedy), Speedy Hydrogen Solutions, has provided us with a unique opportunity to address an immediate and compelling need in the construction sector. By collaborating with Speedy, we have been able to deliver practical, deployable solutions, gaining invaluable insights that inform our product development and strategy.

This year's operational achievements reflect the hard work and adaptability of our team. A significant milestone was the establishment of a production facility capable of producing up to 250 fuel cell units annually (demonstrated by a production run with output greater than five units per week on a single shift). Such a production run requires the assembly of nearly 1,000 components per unit from a global supply chain. Usability was a particular focus – our redesigned user interface now mimics traditional diesel generators, making it more accessible to operators unfamiliar with hydrogen technology. Integration with battery energy storage systems and advanced telemetry for remote monitoring has added further value, ensuring our solutions meet the complex needs of modern construction sites.

The launch of our Hyamtec subsidiary has opened up a wealth of opportunities in ammonia cracking. Over the past two years, we have focused on developing and protecting the intellectual

property for a wide range of applications. Our work includes collaborations with institutions like the University of Nottingham to integrate ammonia crackers with engines, the production of the largest operational modular cracker capable of producing hydrogen to fuel-cell quality, and the development of smaller, more flexible units for live testing and deployment. Discussions are also underway with potential partners for large-scale deployments in energy-intensive sectors, such as asphalt production.

Of course, challenges remain. Hydrogen pricing and logistics continue to pose barriers, while adoption in some sectors, such as EV charging and marine, is hindered by market readiness rather than our technology. However, these markets are now showing signs of accelerating and it is also possible that ammonia cracking will play a part in addressing these issues, allowing hydrogen to be transported efficiently and used flexibly across multiple applications.

Our people have been at the heart of our success this year, enabling us to transition from engineering to production and deployment with remarkable speed. Staff numbers peaked at 145 to support intensive production and engineering projects, but we have since reduced this to under 120. Contractors have largely been converted to employees, reducing costs and reinforcing the stability of our workforce as we scale for the future.

Looking ahead, AFC Energy's goal is clear: to position ourselves as a world leader in the deployment of hydrogen-fuelled solutions. We aim to demonstrate an effective path forward for our chosen sectors, not just in the UK but globally. We also see significant potential to unlock shareholder value through the expansion of our ammonia cracker business, helping to overcome key barriers and open new markets for hydrogen as a fuel.

To support these ambitions, we have begun playing a more active role in the UK hydrogen ecosystem. Through engagement with bodies like Hydrogen UK and the UK Government, as well as collaboration with other world-leading hydrogen companies, we believe the UK has the potential to replicate its leadership in offshore wind within the hydrogen economy. By fostering collaboration across the value chain – from electrolyzers and fuel cells to distribution and combustion engines – the UK can capture and retain its world-leading intellectual property, driving both economic and environmental value.

AFC Energy is proud to be at the forefront of this transition. With our innovative solutions, strategic focus, and commitment to sustainability, we are well-positioned to lead in shaping the future of hydrogen-powered energy.

John Wilson

Chief Executive Officer

18 March 2025

Q&A

Q&A with John Wilson, our new CEO



We are one of the only companies that has an end-to-end fuel to power solution that can meet global net-zero ambitions.”

12



Scan to view the full interview



What is your long-term vision for AFC Energy?

AFC's longstanding vision has been to work to create a world where power no longer comes from using fossil fuels. I share this vision wholeheartedly.



Hydrogen companies have had a difficult time in recent years, are you convinced hydrogen still has a role to play in the energy transition?

Yes, I am absolutely convinced that hydrogen will have a prominent role in the energy transition.

Hydrogen is the most abundant element in the universe – it is high in energy, versatile and produces almost no pollution when burnt.

It is true that the global hydrogen sector has faced challenges as it scales, but over the last four years clean hydrogen projects reaching final investment decision (FID) have increased from 102 committed projects in 2020 (c. US\$10 billion in committed investment), to 434 in 2024, representing c. US\$75 billion.* So it is clear that the appetite amongst stakeholders to embrace investment in the hydrogen sector is accelerating at pace and continues to do so.

The transition to clean energy will involve a variety of energy sources and innovative solutions. AFC Energy is proud to be part of that transition.



How do you plan to compete against the use of diesel for off-grid power?

We are one of the only companies that has an end-to-end fuel to power solution that can meet global net-zero ambitions.

Hydrogen supply from our on-site ammonia cracker can provide the lowest cost hydrogen in the UK. Alongside easier logistics for fuelling and continuous on demand availability, a cracker removes the challenges of moving and storing hydrogen. Together with our H-Power Fuel Cell generators we offer a compelling power solution in high power density, best in class hydrogen efficiency and zero emissions. Our H-Power generators are ultra-low noise, highly portable,

require less maintenance, have extended fuelling intervals and are simpler to use than a conventional diesel generator.

I think we have a tremendous opportunity to accelerate commercial viability, on a cost basis, through achieving parity with diesel generators, and diesel fuel by 2030.



What are your priorities for the first year in your new role?

In the fuel cell business, the key priorities are to work with Speedy Hire in the deployment of our generators to customer sites and to develop a comprehensive strategy for geographic expansion to maximise the commercial opportunity. In Hyamtec we are prioritising the development of our extensive IP portfolio and validation and verification of our technology through partnerships/agreements which we believe will ensure competitive advantage.



Which markets or industries do you see as the biggest growth opportunities for AFC Energy?

In the immediate term, we see the construction industry and our joint venture with Speedy Hire as a huge growth potential for the deployment of fuel cell generators; where demand is being driven by a combination of significant infrastructure projects with zero emission mandates and regulatory drivers. We are truly excited by the opportunities this offers and look forward to maximising the commercial opportunity in the UK with Speedy Hire.

Hyamtec has broad potential growth opportunities, including hydrogen rich combustible fuel gas for industrial applications, ammonia conversion of large-scale engines (such as power generation, marine and mining equipment) and modular purified hydrogen generation for fuel cells, transport and power.



How will you balance innovation with scaling current technologies to meet market demand?

This is the challenge for every technology company! Innovation is at the forefront of what we do. Balancing innovation and building scale requires appropriate deployment of capital whilst retaining a high level of agility and financial discipline: our investment in innovation will be entirely focused on developments where we see significant commercial opportunity and, in a number of cases, will be supported by customers. We have established a network of scaling partners that provide economies of scale benefits and infrastructure to support a scaling transition.



How do you plan to capture the value represented by Hyamtec?

We are exploring a number of potential opportunities with partners to deploy the cracker technology through joint development type agreements and/or trials. Such collaborations will be invaluable to us and potential customers in developing our knowledge of operation of the technology in real life circumstances.

The deployment of our H-Power generators, in combination with our low-cost hydrogen solution provides an immediate pull on hydrogen generated by our ammonia cracking systems. Looking more broadly, there is an extensive untapped potential to supply hydrogen and hydrogen generating equipment to both the UK and EU where the cost of hydrogen is a barrier slowing mass adoption of clean technologies.

We continue to broaden our intellectual property portfolio as we further refine and improve the technology and owning such IP rights are key to value creation and protection.



How big an opportunity does your ammonia cracker technology represent?

The opportunity for Hyamtec is significant – in pioneering the development of modular compact ammonia crackers, Hyamtec has created technology which produces extremely cost effective hydrogen, is easily integrated into larger systems and operates efficiently and can therefore assist in removing the barriers some industries have in adopting hydrogen.



How will you address challenges in deploying AFC Energy's technology on a global scale?

The exclusive Distribution Agreement we have entered into with TAMGO for the Middle East and North Africa is a good example as to how we are looking to leverage our commercial offering in local markets we are not directly familiar with, through the local experience, expertise and networks of local partners. Utilising channel partners serves to accelerate time to market and significantly lowers cost related barriers to entry.



What attracted you to the role?

My professional background is as an engineer and technologist before moving into executive leadership and board level NED roles. I have long admired AFC Energy's cutting edge technology and the progress Adam Bond, as previous CEO, and the rest of the AFC Energy team has achieved to date. I am very excited about the future prospects of AFC Energy and look forward to working with the AFC Energy team to create value for all our stakeholders. When the opportunity arose to become CEO and lead a company at the forefront of the energy transition, it was one I could not turn down.

* Source: p.4 'Hydrogen Insights 2024' (September 2024) by Hydrogen Council and McKinsey & Co

The Role of Hydrogen in the Future of Energy

Hydrogen is increasingly recognised as a cornerstone of the global energy transition

Its versatility as a fuel and its clean credentials make it uniquely suited to decarbonising sectors that are otherwise challenging to electrify, such as heavy industry, construction, shipping, long-haul transport, and high-temperature manufacturing processes like steel and cement production.

14

When burned, hydrogen emits only water, making it an essential part of achieving Net Zero targets. Hydrogen's advantages go beyond emissions. It can be produced from a variety of low-carbon sources, including renewable-powered electrolysis and natural gas combined with carbon capture and storage (CCUS). This flexibility allows hydrogen to complement renewable energy systems by serving as a means of long-duration energy storage, balancing intermittent wind and solar power when natural conditions are not favourable. Hydrogen is also storable, transportable, and increasingly cost-competitive in many applications, making it a viable alternative to fossil fuels in hard-to-abate sectors.

Globally, hydrogen has gained momentum as governments and companies commit to significant investments in production, infrastructure, and applications. According to the International Energy Agency (IEA), global low-emission hydrogen production is

expected to grow substantially by 2030. Countries such as Germany, Japan, and the United States are leading large-scale hydrogen initiatives, investing in production facilities, distribution networks, and applications in industry and transport. For example, significant hydrogen production projects are advancing across the globe, driven by increasing government and corporate commitments to clean energy.

In the Middle East, NEOM's \$8.4 billion green hydrogen project in Saudi Arabia aims to become one of the largest facilities of its kind, leveraging abundant solar and wind resources to produce green hydrogen at scale.

Similarly, Air Products is leading a consortium to develop major hydrogen infrastructure projects globally, including large-scale production facilities in the US and Middle East designed to serve both local markets and international exports. Europe continues to ramp up hydrogen investments, with Germany committing billions of

euros to hydrogen infrastructure, while the Port of Rotterdam is transforming into a hydrogen hub to facilitate imports from overseas. In Asia, Japan and South Korea are accelerating hydrogen adoption through national strategies that prioritise hydrogen imports and industrial applications. Collectively, these initiatives highlight the rapid expansion of global hydrogen capacity, with projections suggesting that production of low-emission hydrogen could reach over 200 million tonnes annually by 2030 if planned projects are realised. These developments underscore hydrogen's critical role in the global energy transition and demonstrate the growing momentum behind its adoption as a versatile and scalable clean energy solution.

However, significant challenges remain. The cost of low-carbon hydrogen production is still too high, and the infrastructure needed for storage, transportation, and distribution is underdeveloped in many regions. Despite announcements of substantial





projects, not all have reached final investment decisions, underscoring the need for clearer policies and stronger incentives. Another hurdle is the limited market readiness of end-use applications, where unfamiliarity with hydrogen technologies and the risks associated with early adoption create hesitancy among industries. Overcoming these barriers will require a combination of technological innovation, regulatory support, and public-private collaboration.

The Role of Ammonia in Hydrogen Production and Transportation

One of the most promising solutions for addressing hydrogen's transportation and storage challenges is ammonia. Ammonia, a compound of hydrogen and nitrogen, can serve as a cost-effective hydrogen carrier, enabling hydrogen to be transported over long distances and stored more efficiently than in its gaseous form. Ammonia's role is particularly

significant for industries and regions where hydrogen production is not yet economically feasible or where infrastructure constraints limit its use.

Ammonia cracking technology, which converts ammonia back into hydrogen at the point of use, is unlocking new possibilities for hydrogen applications. This approach enables distributed hydrogen production, particularly in sectors such as marine transport, mining, and heavy industry, where hydrogen combustion engines and fuel cells can replace diesel or LNG.

With significant global players committing to ammonia as a hydrogen carrier, the potential to accelerate hydrogen adoption is becoming increasingly evident. Ammonia offers a cost-effective and scalable solution for storing and transporting hydrogen over long distances. Unlike hydrogen gas, which requires energy-intensive compression or liquefaction, ammonia can be transported using existing infrastructure and converted back into hydrogen at the point of use through cracking technology.

Major projects around the world are showcasing ammonia's potential in the clean energy landscape. In Saudi Arabia, the NEOM green hydrogen project, led by Air Products, is set to produce up to 1.2 million tonnes of ammonia annually for export. The facility will utilise renewable energy to produce green hydrogen via electrolysis, which will then be synthesised into ammonia for easier transportation to international markets. Similarly, Japan is investing heavily in ammonia as part of its hydrogen strategy, with partnerships established to import ammonia from regions with lower production costs, such as Australia and the Middle East. For instance, Japan's IHI Corporation is developing advanced ammonia-fired turbines for power generation, positioning ammonia as a key fuel for decarbonising its energy grid.

The Role of Hydrogen in the Future of Energy continued

Ammonia as a carrier for hydrogen

In Europe, the Port of Rotterdam is emerging as a central hub for importing green ammonia, with agreements in place to establish supply chains with countries such as Oman and Chile.

These projects aim to provide a steady flow of ammonia to meet Europe's growing demand for hydrogen, particularly in industries such as steelmaking, cement production, fertiliser and heavy transport. The Netherlands' extensive ammonia-handling infrastructure, built around its traditional use in agriculture, provides a solid foundation for scaling up its use in clean energy.

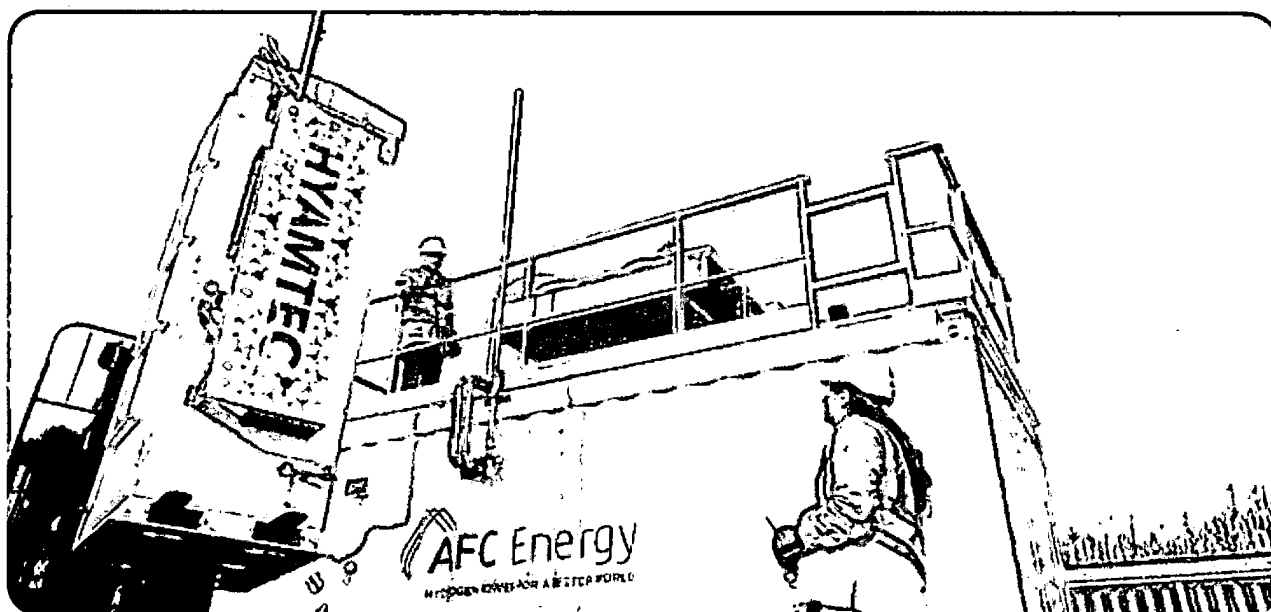
Ammonia's role extends beyond transportation. Its ability to serve as a distributed hydrogen production source opens opportunities for hard-to-abate sectors. For example, mining and heavy machinery operators are exploring ammonia-cracked hydrogen to replace diesel

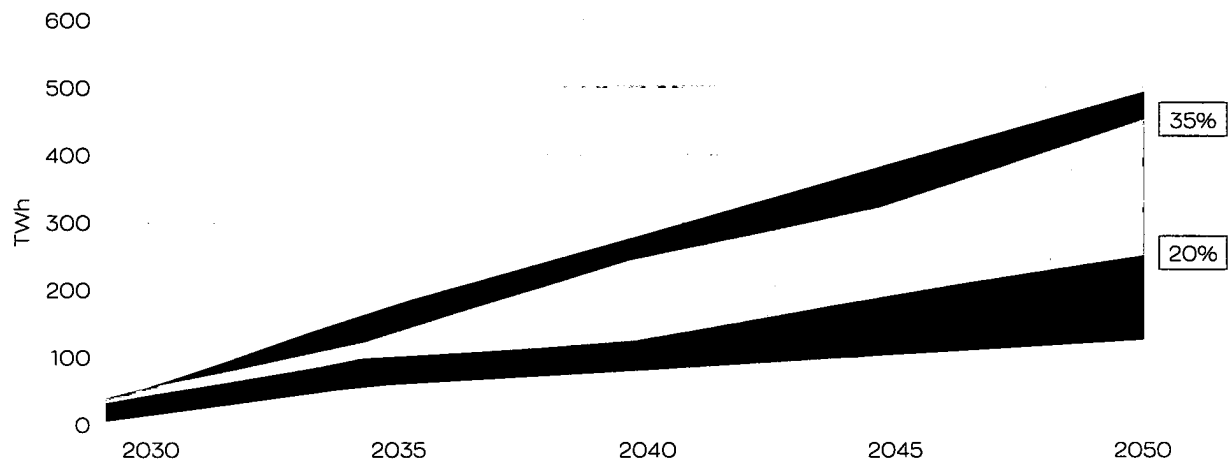
in off-road equipment, where the fuel's high energy density and clean combustion make it an attractive option. Similarly, ammonia-cracked hydrogen is gaining traction in the maritime industry, where large engines powered by hydrogen combustion or fuel cells can significantly reduce emissions compared to traditional marine fuels.

The integration of ammonia cracking technology with hydrogen fuel cells is also unlocking new possibilities. At construction sites, ammonia could be delivered in liquid form, cracked into hydrogen on-site, and used to power a combination of fuel cells and hydrogen combustion engines. This approach not only

reduces the cost and complexity of hydrogen transport but also addresses the supply challenges that have historically limited hydrogen's adoption.

As more global players invest in ammonia as a carrier for hydrogen, its versatility and economic viability are driving significant interest. With established supply chains, growing infrastructure, and its dual role as a transport medium and production source, ammonia is set to play a pivotal role in enabling hydrogen to achieve its full potential as a clean energy solution.





Reference: p.9-HM Government Hydrogen Strategy, August 2021

% = hydrogen as proportion of total energy consumption in 2050

Hydrogen in the United Kingdom

The UK is positioning itself as a global leader in hydrogen, recognising its potential to decarbonise critical industries, enhance energy security, and drive economic growth. The Government's Hydrogen Strategy outlines ambitious targets to establish 1GW of low-carbon hydrogen production capacity by 2025, rising to 10GW by 2030. Hydrogen UK, the national trade body for the hydrogen sector, has highlighted the critical role of hydrogen in enabling hard-to-abate industries such as steel, chemicals, and heavy transport to meet Net Zero targets while protecting thousands of skilled jobs in the UK's industrial heartlands.

The UK's twin-track approach supports both electrolytic hydrogen, generated through renewable or nuclear energy, and CCUS-enabled hydrogen, produced from natural gas with carbon capture. This strategy enables the UK to capitalise on its natural advantages, such as its wind and solar resources,

extensive industrial expertise, and existing gas infrastructure. All hydrogen production must meet the Low Carbon Hydrogen Standard (LCHS), ensuring that only genuinely low-emission hydrogen receives government support.

Infrastructure development is a key priority. The Government's cluster strategy is centred on Track-1 projects, including HyNet in the North West and the East Coast Cluster in Teesside, which aim to create shared CO₂ storage infrastructure to support hydrogen production. These clusters are designed to lower costs through economies of scale and act as a blueprint for further expansion. The Hydrogen Production Business Model (HPBM), which uses a Contract for Difference (CfD) mechanism, is providing vital support to low-carbon hydrogen projects, with eleven projects already awarded contracts and more expected in future rounds.

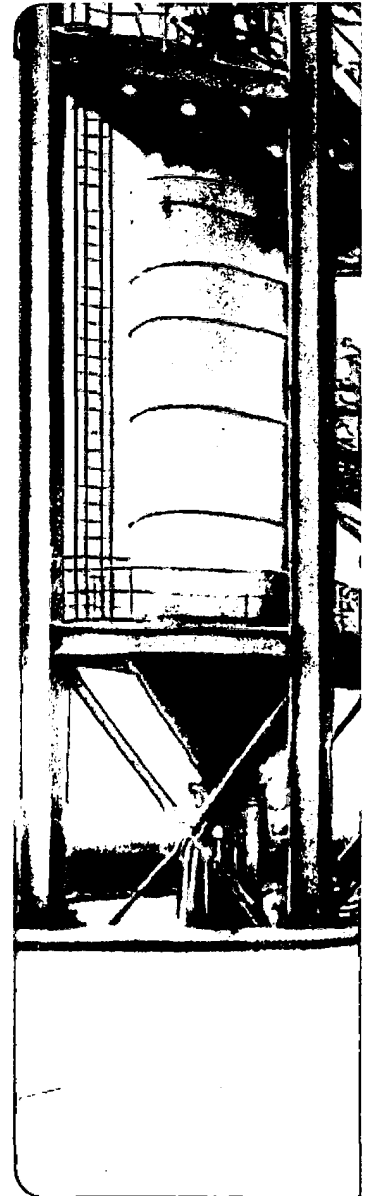
The UK is also well-positioned to play a leading role in hydrogen transportation. With its strong supply chain, skilled workforce, and

expertise in ammonia handling, the country can leverage ammonia cracking technology to enhance hydrogen distribution and address the challenges of long-distance transport and storage. Ammonia's ability to serve as a low-cost hydrogen carrier aligns with the UK's focus on scaling clean energy solutions across multiple sectors, from logistics and shipping to high-temperature industrial processes. As a member of Hydrogen UK, AFC Energy is actively contributing to the UK's hydrogen ambitions. Collaboration between industry and the Government will be critical to addressing remaining barriers, such as the alignment of production and demand and the development of refuelling and storage infrastructure. By accelerating investment in hydrogen projects and integrating innovative technologies like ammonia cracking, the UK can replicate its success in offshore wind and establish itself as a global leader in hydrogen.

Hyamtec Market Opportunity

Offering a viable pathway for the production and distribution of hydrogen

The Hyamtec ammonia cracker represents a pivotal technology in the transition to a hydrogen-based economy, offering a viable pathway for producing and distributing hydrogen at the right scale and at low cost. These systems break down ammonia (NH_3) into hydrogen (H_2) and nitrogen (N_2), leveraging ammonia's high hydrogen density and ease of transportation. The growing emphasis on decarbonisation and the urgent need for clean energy sources have positioned ammonia crackers as key components of the global energy transition.

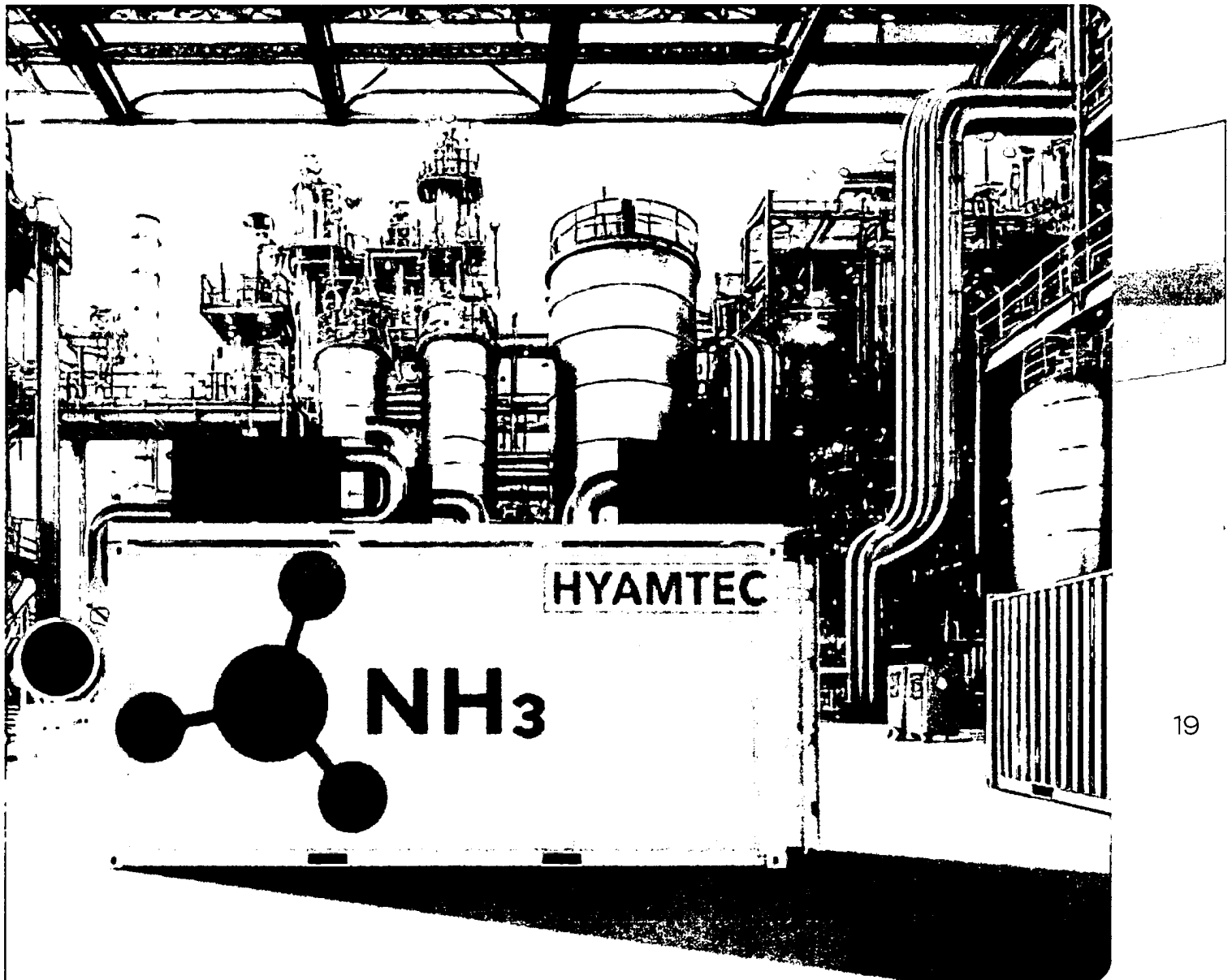


18

Hydrogen plays a crucial role in reducing greenhouse gas emissions across industries such as transportation, power generation, and industrial processes. However, the challenges associated with hydrogen storage and transportation have slowed its adoption. Ammonia, with its established global supply chain and higher volumetric energy density compared to hydrogen gas, is an ideal carbon-free hydrogen carrier. Ammonia crackers enable efficient conversion back to hydrogen at the point of use, unlocking new opportunities in hydrogen-powered fuel cells, industrial applications, and engine conversions.

The market is further bolstered by the expanding infrastructure for ammonia production and distribution. Ammonia is already a widely traded commodity, with global production exceeding 180 million metric tons annually, supported by a robust supply chain that includes pipelines, shipping, and storage facilities. Retrofitting this existing infrastructure for hydrogen delivery via ammonia cracking significantly reduces the need for new investments, accelerating the adoption of hydrogen technologies.

Furthermore, our Hyamtec ammonia cracking systems are scalable, catering to a wide range of applications from small-scale hydrogen refuelling stations to large-scale hydrogen pipe-line filling applications.



19

Our modular technology also has a role to play in combination with conventional internal combustion engine conversions, where an ammonia cracker can be integrated with an engine and some other minor modifications, to allow a typical engine to transition away from petrol or diesel, to move to ammonia as the fuel leading to no carbon-based emissions from the tail pipe. This is of particular interest to large scale engine users, for both power generation and non-road going machinery.

In summary, ammonia crackers offer a compelling solution to the logistical and economic challenges of hydrogen distribution, playing a key role in the broader clean energy ecosystem. With advancements in catalytic technologies and increasing support for green ammonia production, the market for ammonia crackers is poised for significant growth. This technology not only addresses critical barriers in the hydrogen economy but also creates new opportunities for innovation, partnerships, and investment in the global energy transition.

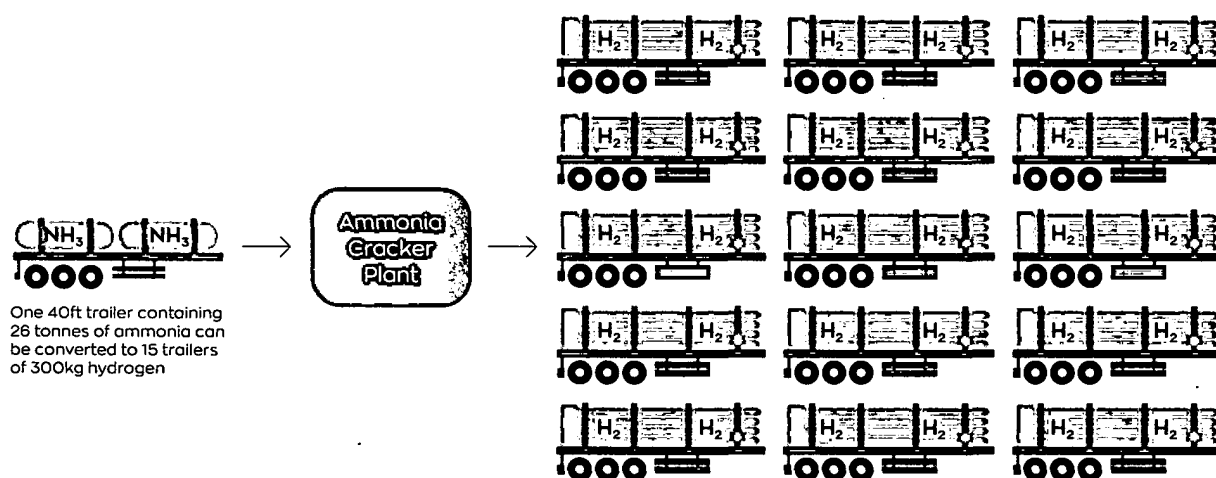


90%

savings compared to
hydrogen commercially
available

Hyamtec Market Opportunity continued

Making hydrogen on-site at a 90% cost reduction



20

Strategic

AFC Energy publicly launched our ammonia cracking technology in 2023, and more recently created a subsidiary company, Hyamtec Limited, to house the ammonia aspects of the business separately to those of the primary business of off-grid fuel cell generators.

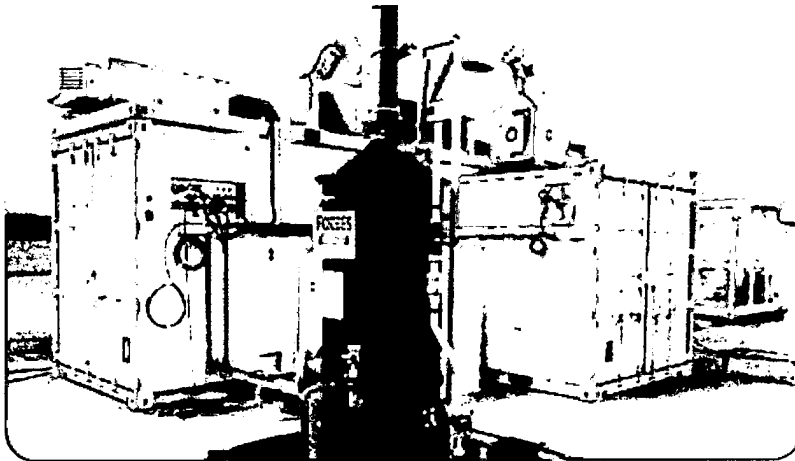
The primary barrier slowing the adoption of hydrogen technologies, is the cost and availability of the fuel, rather than the technologies that use it. In the UK, hydrogen is more expensive than our European neighbours, primarily due to higher electricity or natural gas feedstock prices necessitating a different approach.

Our ammonia cracking technology can make hydrogen at a 90% cost reduction to current sources in the UK – consequently we can potentially make hydrogen at a lower cost than other means currently heavily subsidised by the Government. A commercially viable route to a clean fuel opens many doors for our technology which we are currently developing.

Our primary route to market is to scale our modular technology to make sufficient on-demand hydrogen for industrial consumers who wish to move away from carbon-based fuels. These users need enormous quantities of hydrogen to fire furnaces, boilers and chemical plants as well as for hydrogen pipeline filling. As huge consumers of gas, the cost of such fuel is the primary commercial driver. Our ammonia cracking technology becomes a very attractive proposition, as it achieves the target cost for hydrogen, whilst also allowing customers to have the ability to store reserves of fuel in low-cost tanks for resilience.

The UK Government has estimated, that approximately 3.4TWh of large scale hydrogen storage will be required by 2030, almost trebling to 9.8TWh by 2035 to enable the UK to weather power blackouts with the adoption of renewable energy. This is easily achievable with ammonia, converted back to hydrogen on demand at high efficiency and low cost using our ammonia cracking technology.

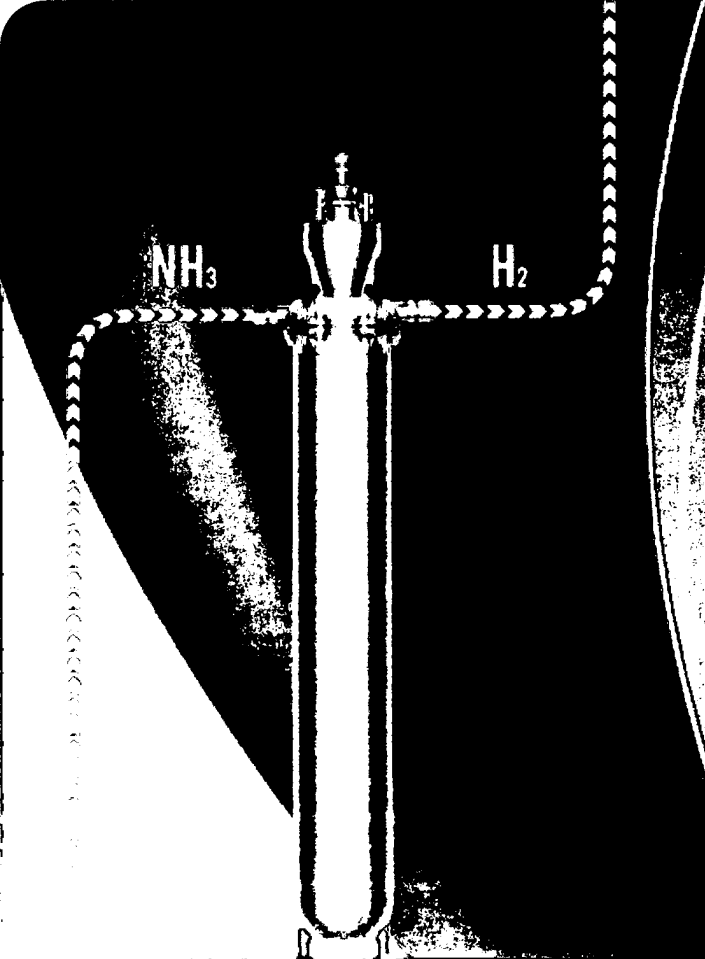
At the smaller end of the spectrum, our crackers have been operating in combination with combustion engines, providing the ability to run on ammonia. The cracker creates sufficient hydrogen to allow the ammonia to burn cleanly with only minor modifications. The hydrogen has multiple benefits; reducing nitrogen oxides (NOx), providing better combustion dynamics and thus increasing the applicable rev-range and power band. This is all made possible with the cracker, from a single fuel inventory within a small compact space envelope. We have accelerated our developments with our UKRI Grant in combination with our other partners to further this space, with many public engagements and significant commercial interest. The cracker technology opens up further increased life for conventional four-stroke engines post carbon fuels as well as a significant retro-fit capability.



Our demonstration asset, based at Dunsfold, for pure hydrogen generation from ammonia has also opened up the possibility for low-cost hydrogen supply, both to our joint venture partner in Speedy Hire, but also to open up hydrogen refuelling opportunities for vehicles. Our technology requires very little power, is very compact and easy to operate – meaning that the major hurdles preventing fleet operators from deploying hydrogen infrastructure are significantly reduced.



21



We are focusing on the development of modular compact ammonia crackers

Easily integrated into larger systems

- Designed to operate over a wide pressure range.
- Harmoniously operates with all purification technologies for fuel cell applications.
- Compact size.

Efficient operation

- Minimal thermal losses.
- Can utilise multiple heat sources (including waste heat streams).

Optimised operating

- Fast response time when operating.
- Very quick reactor architecture to start from cold (20 minutes).

Strategy in Action

2024 was a transformative year for AFC Energy

Marked by innovation, strategic partnerships, and a commitment to sustainable energy solutions. As a global leader in hydrogen fuel cell technology, we delivered cutting-edge generators to meet the growing demand for clean and reliable energy.



20

Fuel cell generators
into Speedy Hydrogen
Solutions



75%

Utilisation
goal



22

AFC Energy is at the forefront of developing hydrogen fuel cell generators that provide zero-emission energy solutions. Our mission is to drive the global transition to clean energy by offering efficient, scalable and sustainable alternatives to fossil fuels. We have a strong focus on displacing dirty carbon emitting diesel engines in the construction hire market.

The year ended strongly with the delivery of 20 fuel cell generators into the Speedy Hydrogen Solutions JV (SHS). 2025 will largely focus on increasing fleet utilisation of the SHS assets with a goal of 75% utilisation.

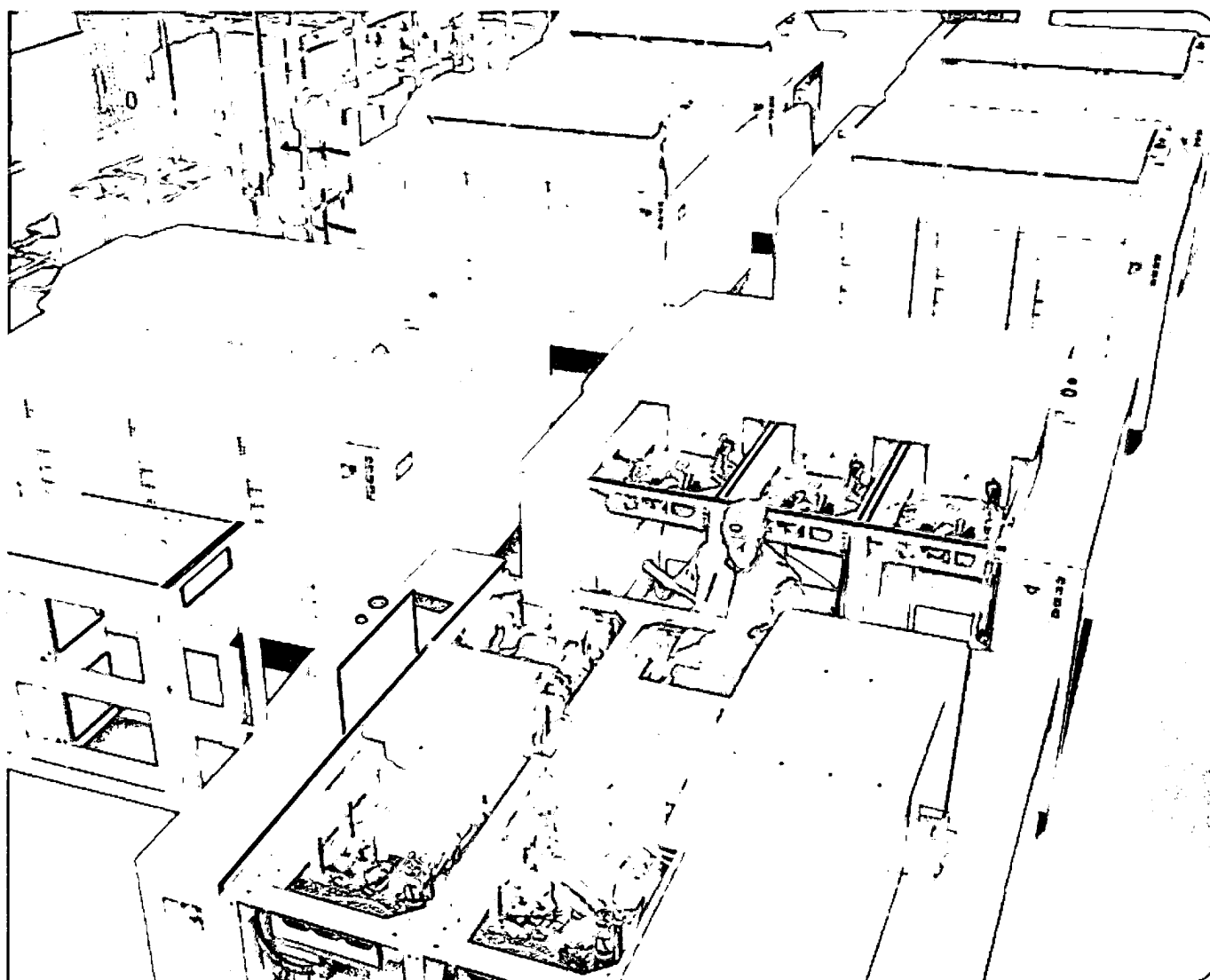
The global push for decarbonisation and net-zero emissions has significantly accelerated the adoption of hydrogen fuel cell generators on UK construction sites. Key trends influencing the market include:

- **Government Policies and Incentives:** Nations worldwide are introducing subsidies and regulations to promote clean energy technologies.
- **Corporate Sustainability Goals:** Industries are adopting hydrogen solutions to meet Environmental, Social and Governance (ESG) targets.
- **Infrastructure Expansion:** Investment in hydrogen production and distribution networks is creating new opportunities for growth.

AFC Energy is strategically positioned to capitalise on these trends, delivering solutions that cater to industrial, commercial and residential energy needs.

The availability and need for low cost hydrogen strongly influences SHS generator deployments. AFC Energy is actively seeking and creating partnerships with hydrogen suppliers to ensure the best price for the end user and the highest levels of supply. The AFC Energy fuel cell business is working closely with Hymatec to develop solutions for hydrogen using our ammonia cracker technology.

In partnership with Speedy Hire, AFC Energy is making headway in increasing acceptance of the new technology provided by hydrogen generators. Showcasing



our zero carbon solution as a direct replacement for diesel generators has had a massive impact on customer interest and site selections. Our focus on hydrogen safety, product familiarisation and operator training is helping customers accept fuel cell generators as a long term option.

TAMGO has increased visibility for AFC Energy products in the MENA region with multiple inquiries and opportunities in chemical processing, data centres and oil and gas. TAMGO's material marketing investment has made AFC Energy a top priority in capturing new markets in the region.

New strategies have been put into place in penetrating the US and European markets, focusing on developing relationships with hire

companies in these regions to create another AFC Energy joint venture. With ongoing hydrogen infrastructure development in the US, we're seeing increased demand for hydrogen generators, particularly in the telecom and EV charging sectors.

AFC Energy is committed to leading the hydrogen revolution. Our strategic priorities include:

- **Scaling Production:** Expanding manufacturing capacity to meet rising global demand while driving down the cost of production.
- **Innovative Solutions:** Expanding our product portfolio with cutting-edge hybrid and renewable-integrated systems, advancing deployments of our S Series, and exploring opportunities for larger-scale projects with the S+.

As we embark on the next phase of growth, we invite stakeholders, investors and partners to join us in revolutionising energy generation. Together, we can build a cleaner, greener future powered by hydrogen fuel cell technology.

Financial Review



24

Highlights:

£4.0m
of equipment sales

£4.4m
of development cost capitalised

£15.8m
funds raised (gross)

£0.5m
UK Government grant income recognised with an additional £3.7m to follow in FY2025

Results for the Year

FY 2024 represented an important step in the Company's journey to commercialising the market leading technology it has created. During the year there were two milestone events, namely the deployment of an S Series generator into Acciona and the manufacture and sale of 20 S Series generators to the joint venture, Speedy Hydrogen Solutions (SHS) which was completed at the end of Q4. The production run of these 20 units represents a successful pilot manufacturing run and as expected for this stage in the development cycle, these units delivered a gross loss of £1.7m (2023: £0.3m) which was £1.2m favourable versus initial forecast.

Due to the progress made in commercialising the Company's technology, the Directors believe it is appropriate to recognise £4.4m (2023: £nil) of development costs under IAS 38 Intangible Assets. The development cost attributable to fuel cells totalled £3.2m and fuel processing was £1.2m.

Following the successful delivery of £4.0m of revenue (2023: £0.2m) the Company produced a loss after tax of £17.4m (2023: £17.5m). This loss was driven by operating costs of £18.1m (2023: £20.0m) offset by interest earned of £0.3m (2023: £0.5m), R&D tax credits of £1.9m (2023: £2.1m) and other income, consisting of grant income £0.1m (2023: £nil), RDEC £0.2m (2023: £nil) and other incidental income £0.1m (2023: £nil).

Of the £18.1m of operating costs, £1.7m (2023: £4.7m) related to R&D materials not qualifying for capitalisation, £9.1m (2023: £9.6m) to staff costs and £7.3m (2023: £5.7m) to other administrative expenses. Of the administrative expenses, £4.0m (2023: £2.4m) related to non-cash items, mainly depreciation and share-based payments.

During FY2024, the Company incorporated Hyamtec Limited with the intention of creating a separate operating division for the Company's fuel processing activities. However, during FY24 no transfer of trade or assets were made and although reference is made to the Hyamtec division, for reporting purposes, all of the activity sits within AFC Energy plc.

Closing cash position of £15.4m

A summary of the cash flow for the 2024 financial year is set out within the table below:

	2024	2023
Net Loss Before Tax	(19.3)	(19.6)
Non-cash items	3.9	2.2
R&D Credits Received	2.7	4.1
Working Capital	(6.2)	0.2
	(18.9)	(13.1)
Investing Activities	(7.7)	(1.2)
Financing Activities	14.6	1.5
	(12.0)	(12.8)
Opening Cash	27.4	40.2
Closing Cash	15.4	27.4



Operational cash burn (i.e., before investing or financing activities) of £18.9m included £6.2m of increased working capital. £4.0m relates to a trade debtor receivable from Speedy Hydrogen Solutions Limited pursuant to invoices raised in October 2024. The Company has also invested in £1.8m of inventory to support the commercialisation phase of the S Series. This inventory will support future builds as well as providing critical spare parts once the units are being used in the field. In Q1 of FY25, the business made cost reductions in order to reduce the ongoing cash burn rate to £1.0m per month. On a linear basis, this suggests a cash runway at similar expenditure levels, of 12 months beyond the end of the 2024 financial year. However, taking into account the unwinding of the opening debtor balance together with grant income and the receipt of R&D tax credits, the runway extends to March 2026. This cash runway will reduce in proportion to the rate at which the Company scales up its commercial and manufacturing capabilities and additional funds will be required to deliver these. In preparing the base case for the going concern assessment, other factors have been taken into consideration (refer to note 2 to the financial statements).

£9.5m of R&D investment (with £4.4m being capitalised)

During FY2024, the Company invested £9.5m (2023: £8.5m) in research and development, of which 89% is expected to qualify under the UK Government's R&D tax credit scheme. This was deployed as follows:

	2024	2023
Materials	3.7	3.3
Labour	4.6	4.7
Other	1.2	0.5
Total before capitalisation	9.5	8.5
Capitalised	(4.4)	-
Total profit and loss charge	5.1	8.5

Key developments achieved during FY 2024 include:

- Prototype build of the second generation of fuel processing cracker.
- Deployment of an enhanced high-throughput cracker test facility, allowing for a 25x increase in scale and 10x increase in pressure.
- Completed phase one of the accelerated durability assessment achieving more than 4,500 hours of operation without failure on the S Series fuel cell product.
- Finalised design for next generation S Series and S+ Series fuel cells and commenced prototype build.

Government Grants

During the year the Company has benefitted from a UK Government grant awarded by the Department for Energy Security and Net Zero under its Red Diesel Replacement scheme. A field trial is expected for both the air cooled and liquid cooled generators, alongside a hybrid battery, at one, or more Brett Aggregates quarries.

During the 2024 financial year, this grant contributed £0.5m towards the funding of development costs of which £0.1m has been recognised in the statement of comprehensive income, and the remainder recognised as deferred income which will be released in line with the amortisation of the capitalised development costs. The grant has a cap of £4.3m with the mechanics consisting of a 50% reimbursement of qualifying costs.

Joint venture with Speedy Hire

Last year the annual report explained the commercial elements of the joint venture with Speedy Hire. Key highlights include execution of joint venture agreements, joint investment into the joint venture of £1.2m and sales of equipment from the Company to the joint venture totalling £4.0m. Speedy are now responsible for the deployment of these units into the field to demonstrate market acceptance and are being supported by the AFC Energy team. Future orders from the joint venture are dependent on the success of these deployments.

Going concern

Management believes that whilst the accounts are correctly prepared on a going concern basis, there is a material uncertainty with regards to going concern. It is not unusual for a company at our stage of development to be in this position.

To deliver on the Company's intention to commercialise its growing market opportunities it needs to scale up its manufacturing output and continue investing in research and development, both of which will require additional funding. Whilst the Board recognises the challenges of fundraising in the current economic climate, it is confident that when the Company chooses to seek additional funding it will be available. This view is based primarily on the:

- growing levels of interest expressed by the construction market in the recent joint venture with Speedy Hire plc;
- continued positive feedback from external advisors; and
- growing levels of institutional engagement, in both the fuel cell and fuel processing value streams, particularly following recent site visits.

This is further discussed in the notes to the accounts.

Karl Bostock

Chief Financial Officer

18 March 2025

ESG Governance and Strategy

A clean and sustainable future



26

“

Delivering sustainable, zero-emission power solutions at scale.”

2024 has been a transformative year for the Company, with production scale up for revenue bearing deliveries of our 30kWh fuel cells into Speedy Hire as well as attention on internal processes and the achievement of ISO 14001, 24001 and 9001 certifications.

Through advancing our unique, patented ammonia cracking technology to proof of concept, we are unlocking the potential for cost-effective hydrogen deployment and end to end solutions.

Achieving all this in an environmentally responsible way and having ESG at the heart of what we do is essential to AFC Energy's success.

During the year we have made significant progress in all aspects of ESG, for example aligning our ESG materiality matrix with our risk review process, devoting significant attention and effort to health and safety, achieving ISO 14001, 24001 and 9001 certification and continuing improving our people processes.

Monika Biddulph
18 March 2025

Our approach

The ESG Committee is led by Monika Biddulph, Board sponsor and Chair, with Committee members including employee volunteers as well as specialist functions such as Health and Safety, Human Resources, Finance, Procurement, and Facilities. The Committee regularly reports to the Board on its activities and makes recommendations to the Board on ESG strategy.

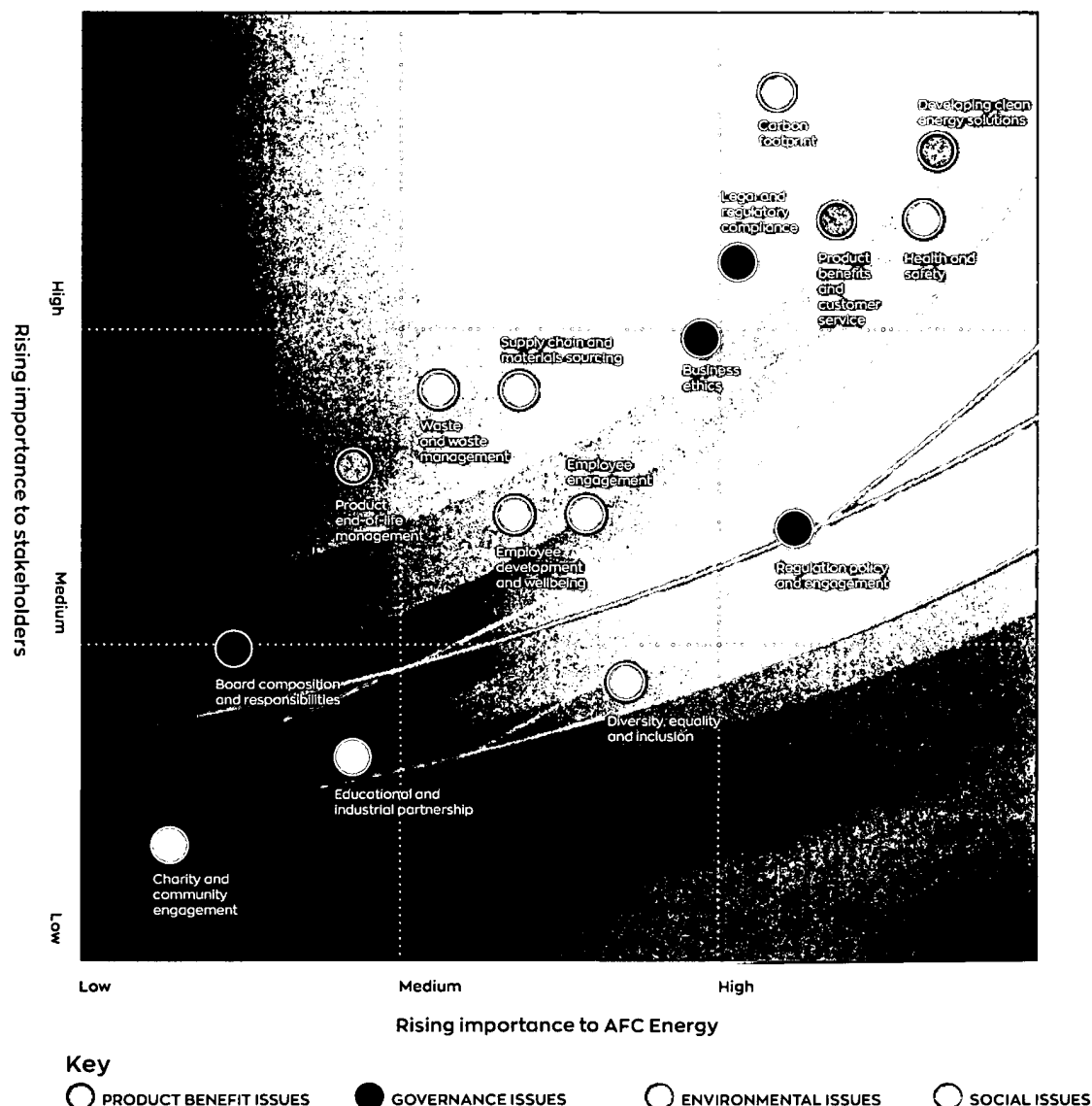
ESG materiality assessment

2024 has seen significant scale up in the production of fuel cells, and as a result we refreshed our materiality matrix, showing the relative importance of specific ESG matters and taking into account a recent update of our overall risks.

As the fuel cell bill of materials matures and closer supplier relationships are formed, the emphasis for 2025 is on refining our Scope 3 emission numbers by working with some of our most significant suppliers of goods on carbon footprint data of actual goods bought rather than market estimates.

Further details on governance are in the Corporate Governance section, with details on product benefits and ESG links to strategy in the CEO's and Chairman's Statements.

ESG Materiality Matrix



Health and Safety

We continue to foster a strong health and safety culture across AFC Energy. In tandem with advancing our health and safety documentation and practices, this year focused on emergency response preparedness, particularly as our operations evolved from R&D to production. The introduction of new testing facilities, the scale up of fuel cell manufacturing, and the production of ammonia cracker proof of concepts elevated operational risks, making health and safety a top priority.

To address these challenges, we launched a Company wide initiative focused on elevating workplace organisation, operational efficiency and hazard control, including 5S training and a renewed focus on risk assessments.

This year, one of the two Lost Time Injuries (LTIs) was a RIDDOR Reportable Incident. These incidents underscored the importance of continuous improvement. We intensified our efforts through enhanced training, communication tools, and updated procedures to prioritise safety at every level of our operations.

	2024	2023	2022
On-site hours	238,139	205,982	152,453
Near miss	8	9	10
Lost Time Injuries (LTIs)	2	0	0
LTI per on-site hours (LTIFR)	1.68	0	0

ESG Governance and Strategy continued

Recognising the elevated risks, we bolstered emergency preparedness by expanding our Emergency Response Team with additional fire marshals and first aiders. A detailed Site Emergency Response Plan and supporting sub-plans for high-risk facilities were issued.

These plans were validated through internal training, practical exercises, and collaborative sessions with the local fire and rescue services. This engagement not only enhanced our team's preparedness but also provided valuable experience for the fire services through desktop emergency response scenarios.

Process Safety Enhancements

Given the high-risk environment of our testing facilities, process safety remained a critical focus. We conducted several HAZOP and HAZID studies, ensuring robust safeguards to protect our employees, customers and visitors. These assessments are integral to creating a safer operational environment and further solidify our commitment to health and safety excellence.

ISO Certification

We are proud that during 2024, AFC Energy achieved ISO 14001 and ISO 24001 Environmental Management System, and ISO 9001 and Quality Management System Certifications.

Implementing the 14001 Environmental Management System affirmed our cultural alignment to deliver zero-emission products. The implementation process was a collaborative learning journey for all stakeholders, both internal and external.

Our employees have become active participants, not only segregating waste but also exploring ways to reduce it and minimise our environmental footprint. We have gained better control and understanding of the environmental aspects and impacts of our operations, including the use and disposal of chemicals, energy consumption, waste generation, and potential effects on the flora and fauna surrounding Dunsfold Park. This reflects our commitment to continuous improvement, a mindset embedded throughout our organisation.

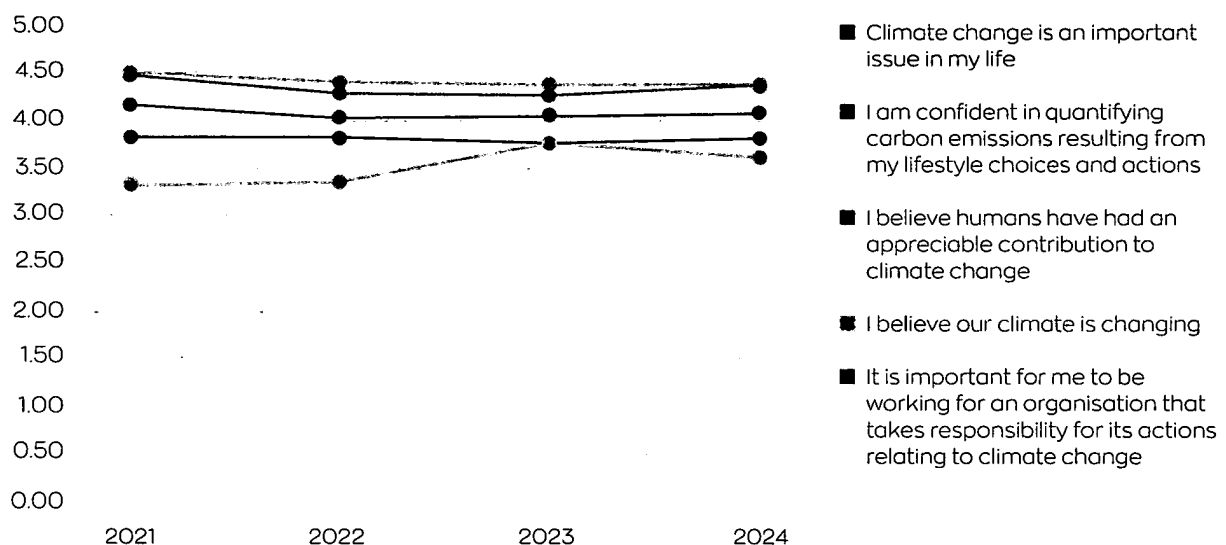
Carbon Footprint Report

Our employees believe in tackling climate change and see AFC Energy at the forefront of the evolution to reduce carbon emissions.

Employee Engagement & Total Emissions

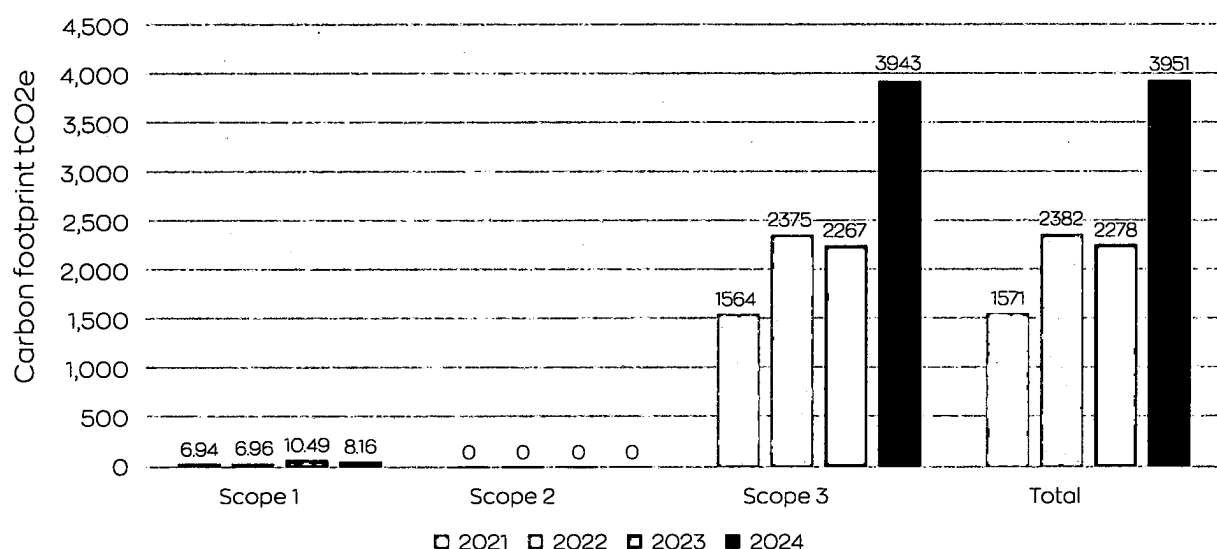
In our annual carbon footprint survey, we asked our employees about their transportation methods, fuel types, the impact of working from home, and their views on climate change and the UN Sustainability Goals. The carbon footprint survey was performed by Alectro Limited in accordance with the World Resource Institute (WRI) Accounting and Reporting Principles. We are proud to report that climate change is a significant issue for the vast majority of our employees, who recognise the significant contribution humans have had on our climate (scores out of 5 in graph below).

Employee opinions

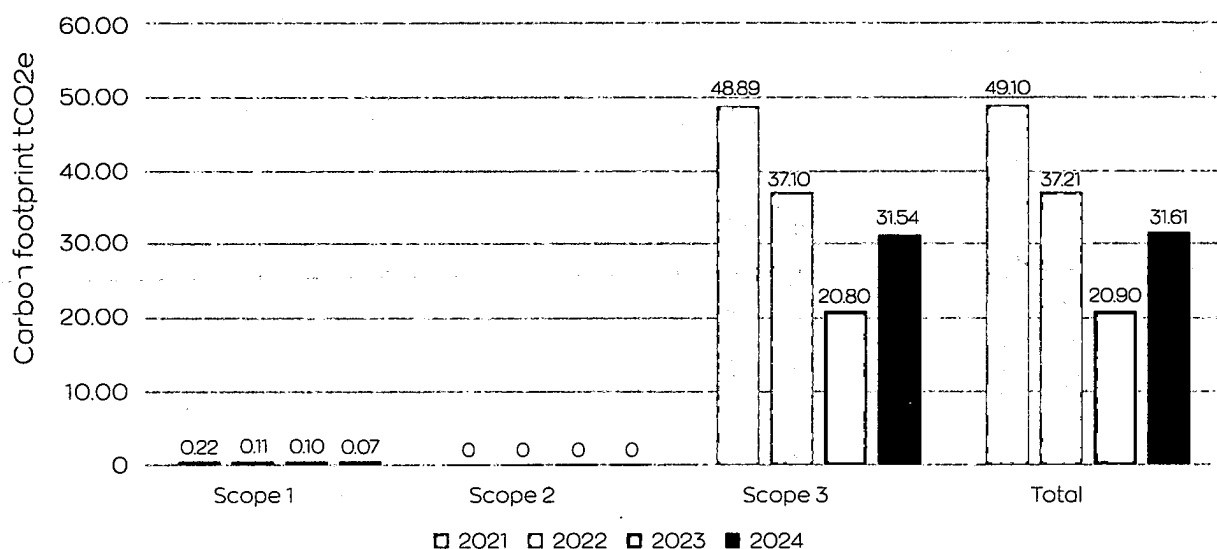




Total Emissions per scope per year



Total Emissions per employee per year



2024 was dominated by scaling up, buying in materials for production, and delivering fuel cell products. Scope 3 emissions are therefore dominated by supply chain emissions, which are currently measured at market rates. In 2025 there will be a focus on working with some of our bigger suppliers on more accurate carbon footprint data, whilst there is also a large tail of smaller suppliers where we will, for now, continue to use estimates in our calculations.

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

ESG Governance and Strategy continued

AFC Energy thrives with multi-national talent from across the world.



Our people are a key part of our success. We have a diverse and talented workforce across the globe, with employees from over 40 different countries. We are committed to providing a safe, healthy and inclusive working environment for all our employees.

Environmental

We hosted a number of independent work experience placements throughout the year, along with a cohort of students from a local secondary school who joined us for a week and gained experience in engineering, production and finance. We also continue to offer two days volunteer leave to all employees.

During 2024, AFC Energy donated £20,000 to a number of charities nominated by employees, including Jigsaw Trust, Cancer Research UK, Shooting Stars Children's Hospital, Cure EB and the Royal Marsden Cancer Charity.

Social

We take care of our people and our planet

We're driven by delivering great outcomes for our customers

We are pioneering disruptive solutions to decarbonise the future

We're committed owners of structured plans and outcomes

We diligently deliver by working together towards a shared goal



Social

2024 has been a landmark year for human resources (HR) following the implementation of HiBOB, a global HR platform. The way we operate day to day has changed now that we have better access to key people data. HiBOB is utilised for goal setting, timesheets, leave requests, whistleblowing, per diems, surveys, and daily communication across the business, with more developments to come in 2025.

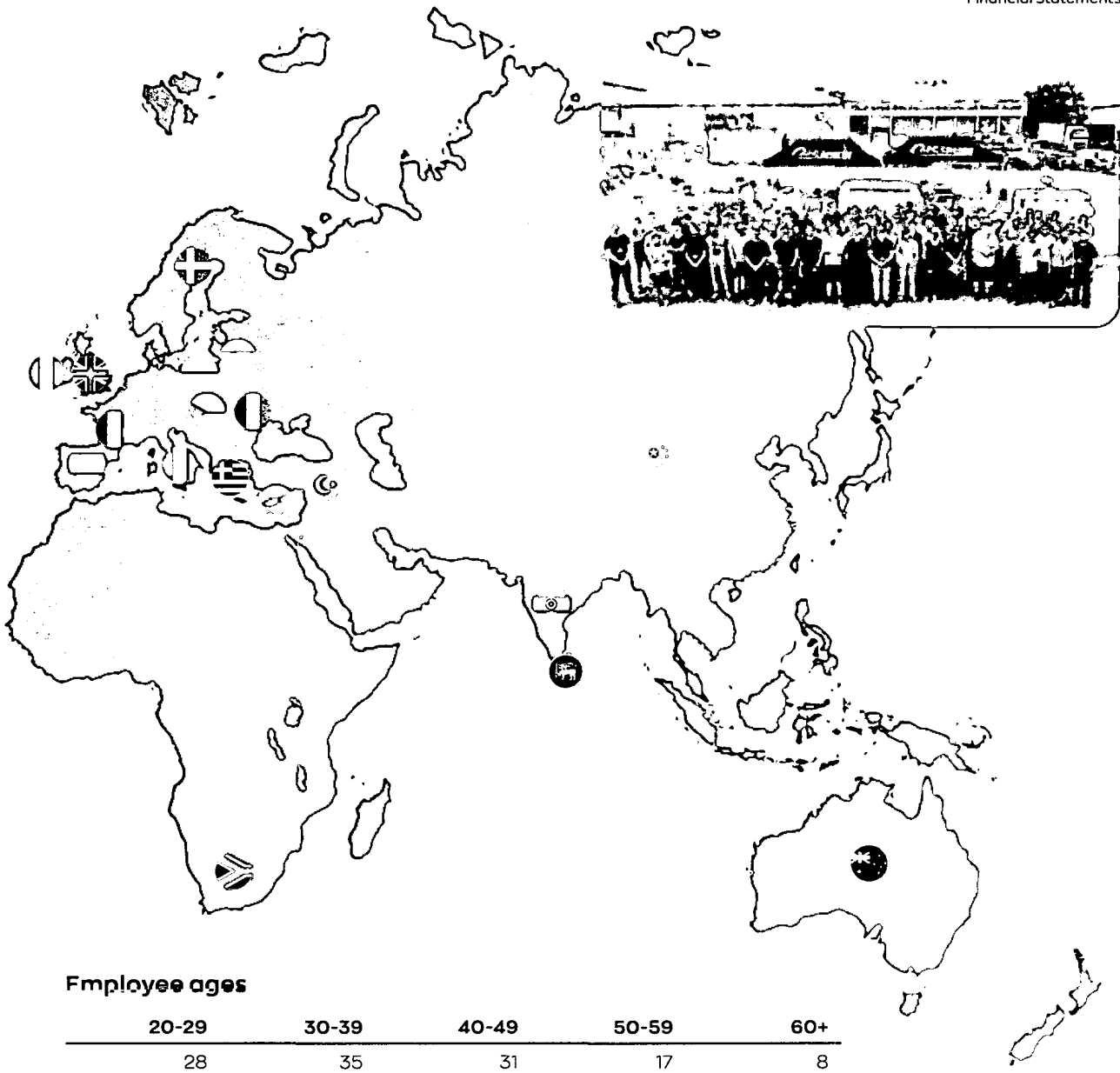
Employee engagement

Insight into employee needs and perspectives enables AFC Energy to continually learn and improve our policies, processes and practices. Our employee engagement survey is one of the key tools we use to measure employee engagement, motivation and commitment to AFC Energy. We believe that increased engagement can result in better business performance and personal growth, and keep our teams safe. The 2024 survey was conducted in HiBob, with a response rate of 84% and a score of 3.7 (out of 5). This score suggests that overall, our teams are highly engaged.

However, there are still improvements to be made, which are ongoing throughout the year.

Management regularly engages with employees through a range of formal and informal channels. These channels include all-employee town halls, team meetings and summer and Christmas social events. At our annual summer BBQ and Christmas lunch, we presented awards to those employees who, voted on by their peers, best represented the AFC Energy values.





Employee wellbeing

The wellbeing of our people is a priority and 96% of employees have taken advantage of our private health care offering, with 97% adding the extra Medicash provision, providing direct access to doctors, counselling and more. Our employee assistance programme is accessible to all employees and their families.

Financial wellbeing

AFC Energy's remuneration is designed to be competitive and free from bias. Through regular benchmarking we ensure we remain both competitive and attractive. We introduced Employee Share Options to our senior employees as a way of retaining and motivating our teams and all employees gained financially from an incentive put in place to drive production.

Diversity, equity and inclusion

We are proud to foster a culture of diversity, equity and inclusion. AFC Energy employees have the option to voluntarily declare their gender identity, sexual orientation, race and ethnicity, and disability, via HiBOB.

AFC Energy seeks to increase the overall representation of women in the organisation and as of 31 October 2024, 18% of employees were women. The Company hosted a lunch for all female employees to celebrate International Women in Engineering Day and recognises the invaluable contribution of AFC Energy's women to the Company's development.

We have a diverse team representing 20 different countries and numerous cultures, bringing a wealth of talent and experience. Motivation, flexibility and multiple skills of our employees have enabled us to transition from engineering to production and deployment with remarkable speed.

How we support the UN sustainability goals



Good health and well-being

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.



Industry, innovation, and infrastructure

Several strategic partnerships, including two with plant hire companies, are already in place and discussions around additional partnerships, beyond existing exclusivity restrictions, are ongoing.



Affordable and clean energy

Our fuel cell technologies 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 delivering affordable, clean energy.



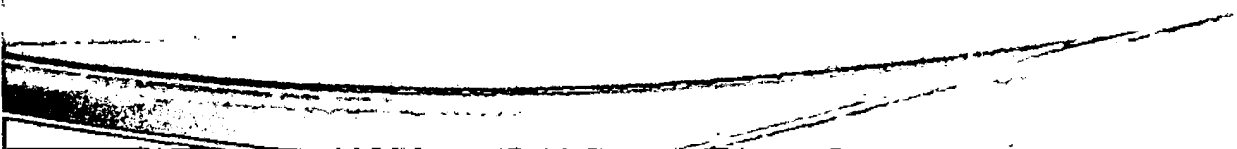
Decent work and economic growth

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.



Climate action

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 hydrogen generation and hydrogen fuel cell technologies.



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, annual appraisal and setting a clear remuneration policy. The Company performs an annual staff survey to further understand the views of employees (see page 30 for further details). The Directors recognise that employees are fundamental to the future growth and success of any company. Such success depends on looking after our employees, as described further in the ESG 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 by the ESG Committee which agrees on activities, sets goals, monitors KPIs and reviews and updates policies and procedures. An evaluation of our impact is assessed in the ESG Committee Report;
- The desirability of the Company maintaining a reputation for high standards of business conduct (s.172(1)(e)) by reviewing and updating the Company’s policies (including anti-bribery and corruption and anti-slavery and human trafficking) and setting out the high standards and behaviours expected from those that work for us or with us; and
- The need to act fairly between members of the Company (s.172(1)(f)). During FY2024, 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 divorcity and strengthen the professional expertise and independence of the Board and senior managers to cover commercial, product development, technology and finance;
- Market sounding and site validation projects confirm that end users are prepared to pay a premium to reduce emissions. Furthermore, end users and strategic partners have provided feedback identifying potential improvement to future versions of the Company’s products; and
- The ESG Committee Report includes an evaluation of existing programmes and day-to-day operational activity which already align with our high level commitments set out in the report to the environment, wider society and governance treating all stakeholders fairly whilst maintaining high standards of business conduct in accordance with internal policies and procedures.

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

The Company recognises that maximising our growth opportunities in accordance with our strategy requires an effective risk management framework.

The Audit and Risk Committee, under delegated authority from the Board, oversees our internal controls and risk management framework, including reviewing the controls in place to mitigate any potential adverse impacts. The

Board is ultimately responsible for facilitating the effective identification, evaluation, management and mitigation of risks for the Company and reviews and updates the table below on a regular basis.





Commercial risk	Detail	Likelihood	Impact	Trend	Mitigation
Products are at an early stage of commercialisation, and so may not initially perform to customer expectations and may take time to gain traction in target markets.	The fuel cell offering comes in two platforms, being air cooled and liquid cooled. Of these, only the former is generating revenue at this stage.	High	High	Flat	Strict quality control procedures during manufacturing and acceptance tests prior to shipping combined with readily available on-site support. Staggered delivery of fuel cell generators has enabled the Company to test units, obtain data generated by such tests and feed such into improvements and modifications.
Most development and commercialisation workstreams are undertaken in conjunction with, and are reliant upon, strategic partners.	Several strategic partnerships, including two with plant hire companies, are already in place and discussions around additional partnerships, beyond existing exclusivity restrictions, are ongoing.	High	High	Flat	Extensive and continued due diligence to confirm financial, technical and commercial competence and alignment. Pursuit of multiple partnerships, to mitigate negative impact of any single relationship. Geographic exclusivity clauses, within the two plant hire agreements.
High system costs may reduce competitiveness compared to other fuel cell systems.	The Company does not yet manufacture at the scale required to generate material cost savings from operational and purchasing efficiencies.	High	High	Flat	A proactive value engineering process with a clear product roadmap and bulk component purchases supported by manufacturing drop sizes. Generation of economies of scale through increased partnerships. Supply chain pricing tension and resilience from using multiple suppliers, where appropriate.
Competitiveness, compared to non-hydrogen solutions, depends on the delivered price of hydrogen.	Customers', particularly plant hire companies, buying decisions are expected to be driven by the total cost of ownership, being both upfront capital expenditure and ongoing operational expenditure.	High	High	Flat	Increasing levels of global investment in the hydrogen supply chain, particularly in green hydrogen. Pursuit of an integrated fuelling strategy covering both direct hydrogen and hydrogen from ammonia, including further developments in the Company's proprietary cracker technology.

Risk Management continued

Technological risk	Detail	Likelihood	Impact	Trend	Mitigation
Ongoing development requires ready access to test equipment and facilities.	Increased activity in the hydrogen space means that timely access to suitable test equipment cannot be guaranteed and so may lead to delays in product development.	High	High	Flat	The Company has good relations with existing suppliers, both in the UK and Europe and has opened its own high pressure ammonia cracker test facility. Testing also performed at customer sites in real world environments.
The growing levels of customers, employee turnover and strategic partnerships increase the risk of 'leakage' of intellectual property and/or 'know how'.	Sale of hydrogen fuelled power generators to Speedy Hire has increased roll out of equipment.	Medium	Medium	Flat	Using specialist advisers, internal controls, and employee briefings to capture, protect and exploit internally generated IP. 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'.
Operational risk	Detail	Likelihood	Impact	Trend	Mitigation
The Company manufactures and deploys its own product to customer sites and often procures the fuel required by those customers for power generation.	Whilst many materials and sub-assemblies are sourced externally, the Company undertakes assembly operations and also handles volatile and/or corrosive chemicals, such as hydrogen and ammonia, both on and off-site.	Medium	High	Flat	The Company has a dedicated health & safety team along with a dedicated HSE management & tracking system.
Use of potentially volatile chemicals and unconventional fuels.					The HSE system incorporates a wide range of functionality, including modules such as 'Accident/ Incidents Management'; 'Permit to Work' and 'Risk Assessment'. Company carries out education of customers, agencies and authorities.
The supply chain is unproven at the ultimate scale envisaged.	Driving down costs will require material production increases over the coming years.	Medium	High	Up	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.



Corporate risk	Detail	Likelihood	Impact	Trend	Mitigation
Dependency on key personal and senior management.	Certain personnel are considered vital to the successful development of the business. Failure to attract and retain such personnel could be detrimental to the Company's operations.	High	High	Flat	The Company has a proactive Remuneration Committee with access to specialist advice and a mixture of shorter-term incentives, such as cash bonuses, and longer-term incentives, such as options, to retain and motivate employees at all levels.
Cyber risk	The use of networked systems across a growing organisation, along with being a listed entity, increases the risk of cyber-attacks, such as ransom demands.	Medium	High	Flat	The Company works with expert IT advisers to implement software and hardware mitigants to such risks and is accredited under the 'Cyber Essentials' programme, the Government-backed scheme created by the National Cyber Security Centre.
Political risk	Detail	Likelihood	Impact	Trend	Mitigation
Emissions targets and government support can impact customer purchasing decisions.	The Company's current customer base is in the UK; Europe and Middle East, all of which are jurisdictions where considerable support, both legislative and financial, will be required for the continued energy transition. Markets for ammonia cracking technology are in their infancy.	Medium	Medium	Flat	Prioritise customers that have demonstrated their desire to progress projects and in jurisdictions receptive to the Company's commercial offering.
Financial Risk	Detail	Likelihood	Impact	Trend	Mitigation
The Company does not yet generate positive cash flow	The Company is at an early stage of commercialisation and so does not generate gross margins required to support its costs. It will therefore require additional funding to scale-up at the rate envisaged.	High	High	Up	The Company reviews funding opportunities from a number of potential sources and applies for certain Government grants and tax credits to provide additional funding. Continued sales growth and product development will drive down manufacturing costs per unit and improve product margin.
Commercial Risk	Detail	Likelihood	Impact	Trend	Mitigation
Having a multi jurisdictional supply chain exposes the Company to foreign exchange risk	Whilst sales revenue is mostly £ denominated, the majority of inventory costs are in US\$ or €.	High	High	Up	The Company holds accounts in all three of the main currencies it trades in. Production planning allows it to hedge where appropriate.

The Strategic Review on pages 6 to 37 has been approved by the Directors and signed on their behalf by

Karl Bostock

18 March 2025

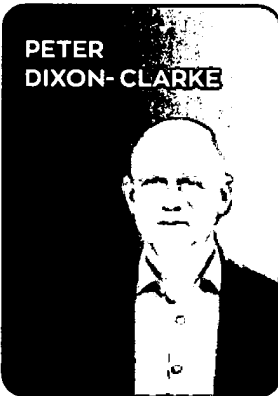
Board of Directors



GARY BULLARD
Non-Executive Chairman
(appointed 2021)*



ADAM BOND
Chief Executive Officer
(appointed 2014)
(resigned as a Director on
5 September 2024)



**PETER
DIXON-CLARKE**
Chief Financial Officer
(appointed 2022)
(resigned as a Director on
16 December 2024)



MONIKA BIDDULPH
Non-Executive Director
(appointed 2021)

Relevant skills and experience

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.

* Served as Executive Chairman 23 July 2024 to 5 January 2025 and as interim Chief Executive Officer 5 September 2024 to 5 January 2025.

Over 25 years' experience operating within the international energy sector both in executive management positions for listed energy companies, and in advisory capacities to both governments and the private sector.

Adam is well networked internationally across the conventional and unconventional energy sectors and has a strong understanding of energy markets and deal making within that sector.

A Deloitte trained Chief Financial Officer with over 35 years of experience, of which 25 have been at senior management or board level.

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

Previous appointments

Senior management positions in IBM, BT and Logica.

Non-Executive Director of Chloride plc and Rotork plc.

Director of JS Yerostigaz (Uzbekistan).

Broad experience primarily in the Energy sector, but also in the Financial Services and Charity sectors, and always in high profile organisations undergoing strategic change.

Mainly UK based roles, but with a strong international element and time spent overseas in countries including: USA, Norway, Kuwait, Ethiopia, Falkland Islands and Indonesia.

Member of Senior Leadership Team IP Products at Arm Holdings plc.

Non-Executive Director Linaro Limited.

Other current appointments

Chairman: Gooch & Housego plc.

Non-Executive Director: Spirent Communications plc.

Non-Executive Director of Ilika plc, Celebrus plc and Power Roll Limited.

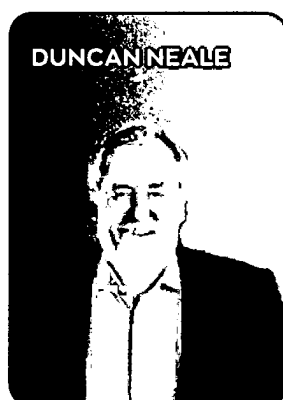


GERRY AGNEW
Non-Executive Director
(appointed 2019)

Over 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.

Dr Agnew spent seven years as Chief Technology Officer and Chief Technology Adviser to LG Fuel Cell Systems Inc. Prior to this he 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.

Cofounder and Director of Hypanode Limited.



DUNCAN NEALE
Non-Executive Director
(appointed 2023) and
Senior Independent Director
(appointed 25 April 2024)

Duncan Neale is a big 4 trained Chartered Accountant and experienced Non-Executive Director and Audit Chair, with a corporate finance, fundraising, audit and M&A background.

Experience primarily in the Energy sector, but also in helping to scale technology companies. For over 25 years he has held numerous senior finance roles, including as Chief Financial Officer for listed and private companies.

Non-Executive Director and Audit Chair of Gresham House Energy Storage Fund plc.



JOHN WILSON
Chief Executive Officer
(appointed 6 January 2025)

John brings a wealth of experience in leading technology-driven businesses through significant growth and transformation. As CEO of Bulgin, a connectivity solutions provider, where he led a private equity-backed MBO through to a further subsequent sale, he created substantial shareholder value. Prior to this he 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 and Hyamtec Limited.
Non-Executive Director and Chair of Audit, Volex PLC.
Independent Non-Executive Chairman of Insig AI plc.



KARL BOSTOCK
Chief Financial Officer
(appointed 20 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.

Roles of The 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 ESG 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 currently follows the QCA Code, with the 2023 QCA Code applicable to the Company with effect on 1 November 2024. 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 Nominations 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.

Stakeholder input to decision making

Consultation with shareholders, market professionals and professional advisers to set an appropriate aggregate cap on fees for Non-Executive Directors to provide sufficient but not excessive flexibility over the coming years to recruit and retain suitably experienced and qualified Non-Executive Directors to support and work with the executive team.

The Company has a remuneration policy that can attract, retain and motivate senior executives and employees in line with shareholder objectives and the remuneration report is put to an advisory vote in the AGM.

Consultation with shareholders, market professionals, customers and employees to identify their expectations and priorities in regard to ESG reporting.

Deployment of our technology with strategic partners and end users in real life settings to gain feedback on the market readiness of our equipment.

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 Chief Executive Officer and Chairman, Duncan Neale, in his capacity as Senior Independent Director, chaired any Board meetings to the extent 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 ensures 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 and all key operational and investment decisions 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 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 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 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	Nominations
Gerry Agnew	7	8	4	4
Adam Bond**	6	3*	N/A	N/A
Gary Bullard	7	6*	2*	3
Peter Dixon-Clarke***	7	8*	N/A	N/A
Monika Biddulph	7	8	4	4
Duncan Neale	6	8	4	4

* Attended as an invitee, not a member of the Committee.

** Resigned as a Director effective 5 September 2024.

***Resigned as a Director effective 16 December 2024.

Corporate Governance Statement

Introduction from the Chairman



“

I am pleased to introduce our corporate governance report for the year ended 31 October 2024.”

As Chairman I lead the Board in taking corporate governance very seriously. The Board and I are committed to high standards of governance, ensuring Board 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.

As a publicly listed business we follow the Quoted Companies Alliance Corporate Governance Code (the QCA Code) and its principles in ensuring the business acts fairly, professionally and with integrity in all its work. Details of how the QCA Code is applied can be found at <https://www.afcenergy.com/investors/aim-rule-26/corporate-governance>. With effect from 1 November 2024 the Company follows the 2023 QCA Code.

42

During the 2024 financial year:

- The Company continued to deliver its strategy and business model, promoting long-term value creation for all our shareholders.
- The Company continued to seek to understand and meet shareholders' needs and expectations, delivering our requirements under Section 172 of the Companies Act.
- The Company, and its ESG Committee considered wider stakeholder and social responsibilities and their implications for long-term success.
- Risk management continued to be effectively embedded throughout the business, overseen by the Audit and Risk Committee.
- The Board maintained a well-functioning, balanced team that actively drives and supports the continued success of the business.
- The Company's General Counsel and Company Secretary further enhanced the Company's governance structure and processes to support sound decision making and in preparation for introduction of the 2023 QCA Code.
- Through the work of the Chairman and the Company Secretary, we ensured that Directors have the necessary and up-to-date experience, skills and capabilities required to effectively discharge their functions.
- The Company continued to promote a zero-tolerance approach to bribery and corruption, implemented whistleblowing and anti-slavery and human trafficking policies and maintains best practice policies for all personnel to comply with.
- The Company provided regular and timely communication to the market and shareholders on how the Company is both governed and performs, creating a 'feedback loop' with our key stakeholders to ensure continuous improvement.

Gary Bullard

Chairman

18 March 2025

Audit and Risk Committee Report

Ensuring effective financial security



The Audit and Risk Committee (the Committee) plays a central role in the review of the Company's financial reporting, risk review and internal control processes.

The Committee's role is to assist the Board in its financial oversight of the Company and ensuring its effective financial integrity through the regular review of its financial processes and performance, and by remaining up to date with the latest regulatory changes and evolution of best practice."

43

The Committee's main 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; and
- Considering the need for an internal audit function.

The Committee considers certain key areas of risk management and supports the Board in overseeing a Company-wide approach to risk management. The Committee met eight times during the period.

The Committee is composed of Non-Executive Directors and is chaired by Duncan Neale who is supported by Gerry Agnew and Monika Biddulph.

Duncan Neale has significant senior financial experience, which is further detailed in his biography. The wider Committee is considered to have sufficient, recent and relevant financial experience and competence to discharge its responsibilities.

The Technical Advisory Board, comprising Gerry Agnew, who is also a member of the 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.

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.

Auditor independence, objectivity and effectiveness

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 FRC's Ethical Standard and were considered independent of the Company.

The Committee discussed 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 is well informed about current topical issues with the FRC. The Committee concluded that it had no concerns with Grant Thornton's effectiveness.

Audit and Risk Committee Report continued

This is the first year Joanne Love has been Grant Thornton's lead audit partner for the Company, following Christopher Raab's rotation out at the end of the last financial year. The Committee has recommended that a resolution to reappoint Grant Thornton is proposed to shareholders at the next AGM.

Assessing that the risk and control framework and processes are operating accurately

The Company prepares a Board approved budget, which includes a cash flow projection. Actual performance is compared during the year to the budget to identify variances and to take action if required.

The Board is risk averse when investing the Company's cash. During the period the Company adopted a Cash Deposits Policy and continues to deposit cash (or equivalents) only with investment grade institutions.

Significant financial reporting matters

The Committee has reviewed the key areas requiring significant judgement in the financial statements, focusing on the capitalised development costs under IAS 38, the impairment review of cash-generating units (CGUs) under IAS 36 and the application of IFRS 15 revenue recognition on sales to Speedy Hydrogen Solutions Limited ('SHS') and any uncertainties around the going concern statement. These areas are critical due to the inherent uncertainties and the significant judgement required.

Capitalised Development Costs under IAS 38

The Committee evaluated management's process on the assessment of technical projects with regards to the eligibility for capitalising under IAS 38, along with the appropriate timing for capitalisation of these costs. The Technical Advisory Board (TAB) with the Committee reviewed the documentation and evidence provided by management to support the timing of capitalisation and eligibility, ensuring it aligns with the criteria set out in IAS 38.

The Committee also scrutinised the evidence presented by management to demonstrate that the outcomes of the development projects are commercially viable.

Management assessed the robustness of the assumptions and methodologies used in these projections, ensuring they are reasonable and supportable.

Impairment review of cash-generating units under IAS 36

The entity operates in a new market with a unique offering, making it difficult to find comparable businesses for benchmarking purposes.

The Committee reviewed the assumptions and inputs used in the value-in-use calculations, including cash flow projections, discount rates and growth rates.

We also considered the sensitivity analyses performed by management to understand the impact of changes in key assumptions on the impairment assessment. The sensitivities used related to a six month and twelve month delay in the execution of the business plan. The sensitivity of the growth rate and the discount rate was also considered in the value in use of each cash generating unit.

Revenue recognition of the sale of hydrogen fuel cell units to SHS

Revenue is recognised at the point in time when control of the products is transferred to the customer.

Management have evaluated that the point of transfer of control is at the time of acceptance of the product by the customer which is at the point of completing factory acceptance testing.

After completion of factory acceptance testing, the customer has the ability to direct the use of the products.

Principal versus agent consideration

Management have determined that the joint venture is the principal in the contractual relationship with its customer because on balance it obtains control over the products once those are transferred over to them. This is also contractually supported by the fact that the joint venture takes the inventory risk and has discretion in establishing the prices with its customer.

Going concern

See discussion of this within the CFO Report and notes to the accounts.

Risk management and internal controls

The Committee has monitored the risk management processes and recommended that the Company's risk management matrix be reviewed, at least every six months, by the Board.

During FY24 the controls over inventory were greatly improved by the implementation of the stock control module within the core ERP system.

The Committee has not seen it as necessary to appoint an internal auditor.

The Committee is satisfied that the judgements and estimation made by management in capitalising development costs under IAS 38 and in conducting the impairment review under IAS 36 are reasonable and supported by appropriate evidence. We conclude that appropriate application of IFRS 15 has been demonstrated. We also support management's appraisal of the contractual arrangement of the JV and concur SHS is correctly treated as a principal.

We believe that the financial statements provide a true and fair view of the entity's financial position and performance in these areas.

Duncan Neale

Audit and Risk Committee Chair

18 March 2025

Identifying and nominating candidates for the Board



The Nomination Committee has played a pivotal role during a transformative year for AFC Energy, ensuring that the organisation is equipped with the leadership and governance structure necessary to support its next phase of growth. The Committee's responsibilities include overseeing Board composition, executive appointments, succession planning, and aligning governance practices with the Company's strategic priorities.

This year, the Committee held four meetings, focusing on significant executive changes and the organisational realignment required to meet the Company's operational goals."

45

The Directors who served during the year were:

Directors

Gary Bullard – Non-Executive Chairman *

Adam Bond – Chief Executive Officer
(resigned as a Director on 5 September 2024)

Peter Dixon-Clarke – Chief Financial Officer
(resigned as a Director on 16 December 2024)

Gerry Agnew – Non-Executive

Monika Biddulph – Non-Executive

Duncan Neale – Non-Executive and appointed
Senior Independent Director on 25 April 2024

Post Year End Appointments

John Wilson – Chief Executive Officer (appointed 6 January 2025)

Karl Bostock – Chief Financial Officer (appointed 20 January 2025)

* Gary Bullard assumed the role of Executive Chairman for the period 23 July 2024 to 4 September 2024 and Chief Executive Officer on an interim basis for the period 5 September 2024 to 5 January 2025.

Nomination Committee Report continued

A central theme of this year's discussions was the composition of the Executive Board and the skills required to scale up manufacturing and deployment effectively. Recognising the absence of a Chief Operating Officer since 2022, the Committee initially sought to fill this gap. However, during this process, Adam Bond informed the Board of his intention to return to Australia for family reasons. This presented an opportunity to restructure the organisation, aligning leadership with AFC's strategic focus on scaling operations and unlocking future growth.

The Committee identified John Wilson and Karl Bostock as ideal candidates for the respective CEO and CFO roles, bringing a proven track record in scaling engineering businesses and having previously worked together. During both selection processes, a diverse list of candidates was considered, ensuring alignment with the Company's strategic priorities. In tandem, the organisational structure was refined to better focus on key business areas. The ammonia cracking business was rebranded as Hyamtec, with Dr Mike Rendall appointed as Managing Director, while Dr David Harvey was given leadership of the Fuel Cell Division.

As John Wilson had to serve a notice period with his previous employer, the Committee recommended that the Chairman assume the role of interim CEO. To maintain governance integrity, Duncan Neale, the Senior Independent Director, stepped in as Chair for Board discussions where potential conflicts arose. Upon John Wilson's appointment, the Chairman reverted to his non-executive role.

The Committee also reviewed Board composition, recognising the lack of gender and ethnic diversity compared to many listed companies. It was concluded that no immediate changes were required, given the current alignment of skills with the Company's needs, but this would be revisited after John Wilson's appointment.

Succession planning has been a key focus, particularly for roles reporting to the CEO and CFO. The Finance team was strengthened during the year, while key individuals within the Fuel Cell Division were promoted to broaden their responsibilities, reducing key-person risk. The appointment of Dr Mike Rendall to lead Hyamtec marked a significant development opportunity, transitioning him from CTO to business leadership and enabling further development within his team.

The Committee decided to delay the formal Board evaluation until after the executive changes were made. An internal evaluation process began after the financial year-end, with plans to conduct an external evaluation later in 2025, once the new Board has had time to establish itself fully.

Looking forward, the Nomination Committee remains committed to ensuring that AFC Energy's leadership and governance structure are well-positioned to support the Company's continued growth and success. As AFC evolves, the Committee will continue to prioritise diversity, succession planning, and alignment with the Company's strategic objectives.

Gary Bullard

Nomination Committee Chair

18 March 2025

Remuneration Committee Report

Setting an appropriate reward policy



47

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.

We draw attention to the following decisions of the Committee as part of our efforts to respond to shareholder feedback and continuously improve governance:

- Holding an advisory shareholder vote on the Remuneration Report on a voluntary basis;
- Maintaining a Remuneration Committee which is made up entirely of independent Non-Executive Directors with relevant experience, and that complies with the QCA Code;
- 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;
- Keeping a consistent philosophy of reward throughout the business, which for the C-suite is strongly linked to performance and transparency; and
- Consulting and maintaining an open dialogue with shareholders and advisory bodies on all key remuneration decisions.

We transitioned to new structures in 2022 following a fundamental review and feedback from investors. Although this has worked well, the Committee will be reviewing the LTIP structure prior to first grant of LTIPs to the new incoming executives to ensure it continues to retain and incentivise. Following this review any changes will be disclosed in next year's Remuneration Report.

Incentive outcomes during the year

Annual Bonus

For the year under review, stretching annual bonus targets had been set to continue the Company's drive toward achieving sustained revenue growth and subsequent profitability and objectives were structured so that maximum payout could only be achieved for exceptional performance.

Bonuses for the year were based on a slightly modified blend of 40% financial, 52% operational and 8% ESG objectives. For the financial objectives an overall payout of 12.0% was determined reflecting threshold payouts for sales revenue (7%) and order book, measured by signed customer contracts (5%).

There was no payout in regard to the net cash position target for end of year set at a demanding threshold of £25 million. All assessments were made in line with the Remuneration Policy described in detail below and first rolled out in the 2022 Annual Report.

Remuneration Committee Report continued

For the operational objectives, an overall payout of 13.5% out of the maximum of 52% was determined. The largest element of this was a threshold payout of 7% for delivery post Factory Acceptance Test of twenty-five 30kW air cooled generator units to the Speedy Hire Solutions joint venture. Additionally, 5% was earned for achieving an objective to deliver the first Acciona 30kW H-Power generator. A further 1.5% was earned for achieving ISO 9001 certification for the Company's ammonia cracking activities. The remaining operational objectives were not met, in many cases as a result of tight budgetary restrictions introduced during the year reflecting a focus on delivering ordered units.

The Company continues to operate a set of ESG objectives and the Committee assessed performance in this area to warrant 6% payout out of the maximum of 8%. Overall, the bonus earned across all performance objectives came to 31.5% of maximum. The Committee did not exercise any discretion in determining this outcome.

Outcome of LTIPs that reached vesting point during the year

The PSP based LTIP awarded in 2021 reached its three year testing point on 6 September 2024. This award was based entirely on absolute TSR and lapsed with the share price below the 59.7p threshold required for vesting. All other in-flight LTIP awards also have three-year vesting periods.

Salary review

The Committee reviewed salaries and determined that there would be no increases applied to the Executive Directors at the end of 2024.

Changes to the executive team

On 22 July 2024 Adam Bond advised the Board of his intention to step down from his role as CEO. Our Non-Executive Chairman, Gary Bullard, took on the role of Executive Chairman from the following day. Adam stepped down from the Board on 5 September 2024 and Gary took on the role of CEO on an interim basis. John Wilson was appointed CEO on 6 January 2025 with Gary remaining engaged in a transitional capacity until 1 February 2025. Gary was paid in shares at a rate equivalent to three times his normal fee while Executive Chairman and four times his normal fee while interim CEO. The details of this remuneration are covered in the tables below. The Committee determined that Adam would be treated as a good leaver on account of his significant contribution to the Company over many years of service.

On 16 December 2024 Peter Dixon-Clarke resigned as Director and CFO with immediate effect, remaining an employee of the company until 31 December 2024.

The new CEO, John Wilson, and CFO, Karl Bostock, received share options agreed prior to the start of employment at AFC to compensate them for bonus and LTIP awards forfeited from their previous employers, details of which are set out on page 57.

Closing remarks

We see the role of the Remuneration Committee as 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.

Composition of the Committee

Gerry Agnew (Chair)
Duncan Neale
Monika Biddulph

Number of meetings: 4

The Board Chairman and Chief Executive Officer sometimes attend as invitees, when appropriate.

Gerry Agnew

Remuneration Committee Chair

18 March 2025



Directors' Remuneration Policy

This section of the report sets out the Remuneration Policy for Executive Directors and outlines how this policy has been implemented for the 2024 financial year and will be implemented for the 2025 financial year.

The Remuneration Policy outlines the principles and framework for remuneration allowing the Board of Directors and management to attract and retain high quality employees with a sustainable and fair approach.

The Policy focuses on Board and other members of the C-suite within the Company 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; and
- Provide a long-term incentive structure to retain senior management while ensuring maximum award levels are capped.

This Policy will be reviewed and updated annually by the Remuneration Committee and discussed from time to time with shareholders.

The Policy adopts a framework structured around several key elements, and is summarised in the tables below:

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2025 financial year
Base salary To reflect size and scope of the role and individual's performance and contribution.	Payable in cash. Generally, but subject to prevailing economic conditions and changes of roles and/or responsibilities, salaries are reviewed annually with changes effective from the beginning of the financial year but may be reviewed at other times if the Committee considers this appropriate. The Committee reviews base salaries with reference to: • The size and scope of the individual's roles • The individual's performance and experience • Business performance and the external economic environment • Market practice at other companies of a similar size and complexity • Salary increases across the Company	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: • 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	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 2024. The new CEO and CFO were appointed on the following salaries: CEO £400k CFO £240k

Remuneration Committee Report continued

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2025 financial year
Pension and other benefits To provide market-competitive benefits and pension.	From 1 November 2021, all employees have been eligible for a Company matching contribution towards AFC Energy's chosen pension provider of 5% of salary before taxation. Employees in this scheme also contribute 5% salary towards their pension. The Committee has discretion to make alternative arrangements on a case-by-case basis. When determining such arrangements, the Committee will consider cost and market practice.	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.	Not performance related.	In line with policy, Executive Directors will receive 5% contribution from AFC Energy alongside their own contribution of 5% salary.
Annual bonus To incentivise executives to achieve annual financial and operational targets in line with key strategic objectives considering risk and shareholder interests. For Board Members this will also include observations from prior Board effectiveness reviews.	The annual bonus is normally based on performance over the financial year and the bonus plan shall be documented and updated annually considering the Company's targets and the individual's objectives. 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.	An 'on target' performance would be expected to deliver 75% of maximum. A minimum threshold achievement will deliver a bonus of not more than 25% of maximum. Maximum payout is 120% salary for the CEO and 80% for the CFO.	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.	Objectives have been set based on a blend of 40% financial, 50% operational and 10% ESG objectives.



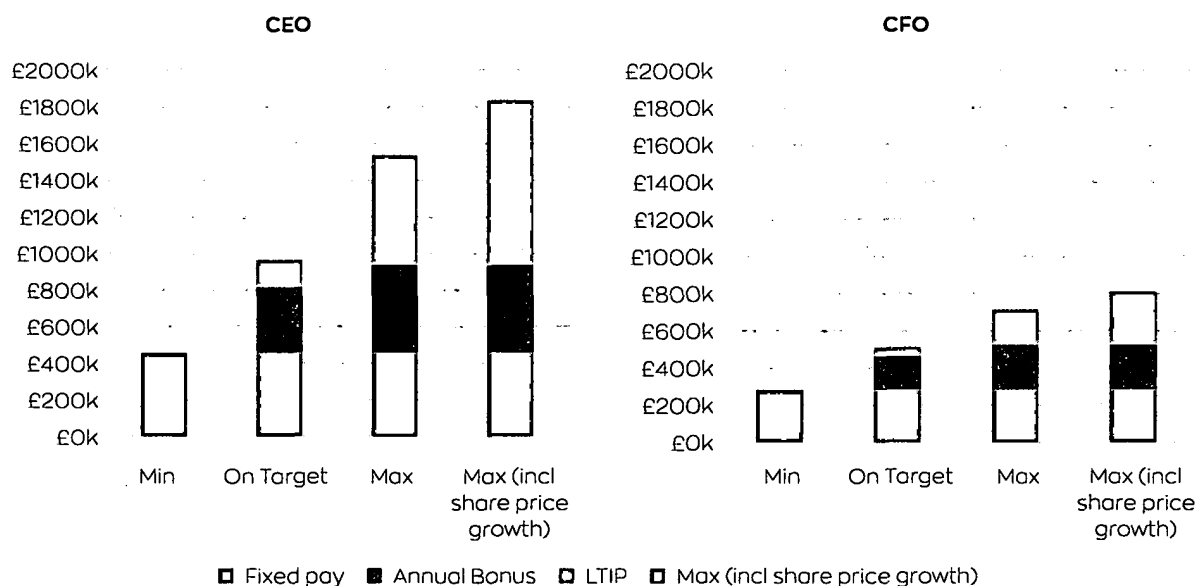
Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2025 financial year
LTIP To attract and retain Executive Directors and Senior Managers of a high calibre and align their interests with the long-term objectives of the Company.	Annual 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. The performance share plan (PSP) will remain within the overall limit for all option allocations of 10% of share capital. Annual awards will normally be made after the announcement of the interim results to avoid potential conflicts. Good leavers* will retain pro-rated awards according to the fraction of the three year period they work for the Company with details, along with malus and clawback terms based on advice from external advisers regarding current industry standards.	The maximum award level will be 120% of salary for the CEO with the CFO level 80% salary. Other C-suite will not automatically be eligible to the scheme but those that do will have a maximum award equal to or less than board level executives.	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.	Awards are anticipated to be granted with both Relative TSR and Absolute TSR conditions, consistent with the awards granted during the 2024 financial year. However, LTIP arrangements will be reviewed again prior to awards in 2025 and any changes will be disclosed in next year's remuneration report.

- * Good leavers are typically those leaving through retirement, redundancy, injury or death.

Remuneration Committee Report continued

Pay scenario charts

The charts below provide estimates of the potential future reward opportunity for the current Executive Directors in FY 2024-25 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).



52

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

Component	Minimum	On-target	Maximum	Maximum + 50% price growth
Base Salary	CEO: £400k CFO: £240k			
Benefits	Estimated from new contracts			
Pension	5% of base salary			
Annual Bonus	No bonus payable	Target bonus (75% of maximum)	Maximum bonus	
LTIP	No LTIP Vesting	Threshold vesting (25% of maximum)	Maximum vesting	Maximum vesting with 50% share price growth



Service contracts

Executive Directors

Service contracts for all employees, including the Executive Directors, shall specify reasonable notice periods, defined as normally three to six months 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.¹

Executive Director	Date of service contract
Adam Bond	1 January 2016 (Resigned as a Director with effect 5 September 2024)
Peter Dixon-Clarke	1 December 2022 (Resigned as a Director with effect 16 December 2024)

Non-Executive Directors

The Non-Executive Directors signed letters of appointment with the Company for the provision of Non-Executive Directors' services 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.

Executive Director	Date of service contract
Gary Bullard	5 March 2021 ¹
Gerry Agnew	9 September 2019
Monika Biddulph	3 December 2021
Duncan Neale	1 August 2023

¹ On 23 July 2024 Gary Bullard switched to performing an Executive Chairman role and on 5 September 2024 switched to 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

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 2025 financial year are set out in the table below:

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2024-2025
Fees 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 to 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.	Not applicable.	A review of non-executive remuneration was undertaken in October 2024 with input from remuneration advisers regarding fees in AIM listed companies of a similar size. No significant change in NED fees was felt to be necessary.



Annual report on remuneration

The following section provides details of how AFC Energy's remuneration policy was implemented during the 2024 financial year.

Remuneration Committee membership and activities in 2024

The Remuneration Committee's members at 31 October 2024 were Gerry Agnew, Chair, Monika Biddulph and Duncan Neale. All members of the Committee are independent Non-Executive Directors. Gary Bullard, who performed the role of Non-Executive Chairman, Executive Chairman and interim CEO during the year, 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 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 2024 financial year and also on an ad hoc basis when required.

Remuneration Committee activities during the 2024 financial year were as follows:

- Approval of the Directors' Remuneration Report;
- Review and approval of the Executive Directors' performance against the annual objectives;
- Determination of performance targets for the C-suite annual bonus for the year ahead;
- Determination of performance targets for the LTIP grant;
- Review of developments in corporate governance and best practice;
- Review of remuneration arrangements and policies for senior management/C-suite; and
- Overseeing the continued implementation of the all employee SAYE scheme.

During the year, the Committee sought internal support from 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 managers.

The Committee has appointed 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 2024 financial year were £57,000. The Committee evaluates the support provided by PwC annually and is comfortable that they remain independent. PwC provide advice in relation to the SAYE scheme and no non-remuneration related advice was provided by PwC to the Group in the year.

55

Remuneration Review

At the end of the 2024 financial year the organisation undertook an exercise to ensure that rewards remained aligned with roles and responsibilities throughout the organisation following the significant expansion of the business that had taken place in the preceding 18 months. This focused on 15% of staff. No inflationary rise was applied to Executive Directors' salaries during the year other than the inflationary rise made at the beginning of the year itself and reported in the previous annual report.

The organisation continues to evolve as the emphasis of activity shifts away from research to development and manufacture, and the Committee will continue to consider appropriate levels of pay which incentivise our senior management team to deliver on our strategy.

Remuneration Committee Report continued

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 2024¹:

	Basic salary/fees (£k)		Taxable benefits (£k)		Pension (£k)		Annual bonus (£k)		Total (£k)	
FYE	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Executive Director										
Adam Bond ²	377	319	45	44	17	16	126	282	565	661
Peter Dixon-Clarke	232	201	7	-	11	7	-	129	250	337
Gary Bullard ³	106	-	-	-	-	-	-	-	106	-
Non-Executive Director										
Gary Bullard	104	100	-	-	-	-	-	-	104	100
Gerry Agnew	52	50	-	-	-	-	-	-	52	50
Monika Biddulph	52	50	-	-	-	-	-	-	52	50
Duncan Neale	52	13	-	-	-	-	-	-	52	13
	975	733	52	44	28	23	126	411	1,181	1,211

1 All LTIP awards tested during the year and FY2023 lapsed so there is no separate column for LTIPs.

2 Adam Bond's total salary includes £41k accrued holiday pay. He received additional payments related to his resignation detailed immediately below.

3 Gary Bullard took on the role of Executive Chairman on 23 July 2024 and subsequently interim CEO from 5 September 2024. His total remuneration for the financial year of £210k, includes £106k paid in shares for these executive roles and his normal fee as Chairman paid in cash.

Directors leaving during the year

Adam Bond resigned as a Director on 5 September 2024. Adam received £61k as payment in lieu of notice within the financial year. Adam also received a payment of £136k which included a sum equal to three months pay tied to honouring updated restrictive covenants to address changes in business practice and the direction of the business since his relocation from Australia and subsequent appointment in 2016.

The Board also agreed to allow Adam's existing share options and LTIPs to remain in being beyond the end of his employment. The share options retain their existing expiry dates and the LTIPs retain original planned testing and vesting dates with vesting then occurring if the original conditions are met. This reflects Adam's Good Leaver status following his contribution to the Company over ten years of service. The Committee felt it was appropriate to pay Adam Bond's bonus for FY2024 in line with the incentive outcome process as set out above.

On 16 December 2024 Peter Dixon-Clarke resigned as Director and CFO with immediate effect, remaining an employee of the Company until 30 December 2024. Peter will not receive a cash bonus in respect of the 2024 financial year. However, the Committee determined that it was appropriate to allow the share options awarded to Peter on joining being treated for vesting as though two full years of service had been completed. This was on the basis that his resignation date would have fulfilled the two year retention condition if the Company had not been in a closed period when Peter joined, delaying the grant of options. Beyond this, Peter received no further awards beyond his contractual requirement.

Scheme Interests awarded in the 2024 financial year

For the PSP LTIP grants made in 2023-2024, working in conjunction with external advice, continued effort was given to avoiding windfall outcomes linked to the significant sector-specific changes in share price seen throughout the AIM index within the year. It was felt appropriate to continue the use of a relative element to assessing TSR improvement and consequently equal 50% weighting was applied to the relative and absolute elements. In choosing a relative metric, the Solactive Global Hydrogen Index was adopted as the basis for evaluation. The choice of 75th percentile for maximum performance seeks to expressly exclude unusual extremes in performance. The use of median performance as the threshold ensures a continued push for stretch and avoids the risk of rewarding mediocre performance. For the absolute TSR, it was felt appropriate to use pure CAGR based growth metrics. Further details of these rewards are provided immediately below.

Executive Director	Nil cost options granted during FY2024
Adam Bond	2,711,082
Peter Dixon-Clarke	1,238,592

Performance targets apply to the awards over a three-year period commencing on 2 May 2024 as follows:

Performance measure	Weighting	Threshold performance (25% vesting)	Maximum performance (100% vesting)
Relative TSR vs Solactive Global Hydrogen Index	50%	Median	Upper quartile
Absolute TSR	50%	15% p.a.	30% p.a.

Vesting is on a pro-rata basis for performance between the threshold and maximum levels.

On 13 May 2024, the expiry date of Adam Bond's existing share options was extended by 3 years to 17 July 2028.

Share option awards to new CEO and CFO to compensate for awards forfeited with previous employers

The new CEO, John Wilson, and new CFO, Karl Bostock, received the following share option grants on joining agreed prior to the start of their employment at AFC to compensate them for bonus and LTIP awards forfeited from their previous employers (see note 25 to the financial statements for further details).

57

Performance measure	Number of Awards	Vesting Date
John Wilson	3,286,385	6 January 2026
John Wilson	1,525,822	6 January 2026
John Wilson	1,525,822	6 January 2027
John Wilson	1,525,822	6 January 2028
John Wilson	1,525,820	6 January 2029
Karl Bostock	1,801,802	20 January 2026
Karl Bostock	1,801,802	20 January 2027
Karl Bostock	1,801,801	20 January 2028
Total	14,795,076	

Remuneration Committee Report continued

Directors' interests in shares and options

On 31 October 2024 the Executive Directors' interests over share options and warrants of the Company were:

		Number of shares under option					Expiry Date
	Date of grant	At 01 November 2023	Awarded in year	Exercised in year	Lapsed	At 31 October 2024 ¹	
Adam Bond	15 July 2015	5,000,000	-	-	-	5,000,000	17 May 2028
Adam Bond	15 July 2015	1,000,000	-	-	-	1,000,000	17 May 2028
Adam Bond	07 September 2021	620,970	-	-	620,970	0	
Adam Bond	12 July 2022	1,697,802	-	-	-	1,697,802	11 July 2032
Adam Bond	01 June 2023	2,142,415	-	-	-	2,142,415	31 May 2033
Adam Bond	02 May 2024	-	2,711,082	-	-	2,711,082	02 May 2034
		10,461,187	2,711,082	-	620,970	12,551,299	
Peter Dixon-Clarke	28 April 2023	500,000	-	-	-	500,000	27 April 2033
Peter Dixon-Clarke	01 June 2023	978,042	-	-	-	978,042	31 May 2033
Peter Dixon-Clarke	02 May 2024	-	1,238,592	-	-	1,238,592	02 May 2034
		1,478,042	1,238,592	-	-	2,716,634	
		11,939,229	3,949,674	-	620,970	15,267,933	

¹ Adam Bond's share options are recorded at 5 September 2024 when he stepped down from the Board.

And for shares:

	Number of shares at 31 October 2024	% of salary at 31 October 2024
Executive Directors		
Adam Bond ¹	3,849,836	111%
Peter Dixon-Clarke	66,666	3%
Non-Executive Directors		
Gary Bullard	766,667	70%
Gerry Agnew	621,684	114%
Monika Biddulph	66,666	12%
Duncan Neale	-	-

¹ Adam Bond's shareholding is recorded at 5 September 2024 when he stepped down from the board.

Implementation of policy for the 2025 financial year

For the 2025 financial year, the annual bonus will continue to use a blend of financial, operational and ESG objectives, recognising the critical importance of operational delivery in building long-term value while at the same time driving an increasingly active emphasis on ESG improvements.

LTIP awards are anticipated to be granted during the year with both relative TSR and absolute TSR conditions, consistent with the awards granted in 2024.

Directors' Report

The Directors present their report together with the audited financial statements for the 2024 financial year. The comparative period was from 1 November 2022 to 31 October 2023.

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, Chief Executive's and Chief Financial Officer's reports on pages 6-9, 10-11 and 24-25.

Results and dividends

The operating loss before tax for the year was £19.3m (2023: £19.6m).

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 2024 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 2024	Number of ordinary shares of 0.1p 2023
Gerry Agnew	621,684	621,684
Monika Biddulph	66,666	0
Gary Bullard	766,667	500,000
Peter Dixon-Clarke	66,666	0

None of the other Directors had a direct interest over share capital during the reporting period. Adam Bond resigned as a Director effective 5 September 2024, holding 3,849,836 ordinary shares of 0.1p at such date.

Significant shareholdings of greater than 3.00% at 28 February 2025		%
Hargreaves Lansdown		14.75
Interactive Investor		11.61
Janus Henderson Investors		8.28
HSDL		6.05
Barclays Smart Investor		4.79
AJ Bell		3.62
DWP Bank		3.53
ING-DIBA, Frankfurt		3.24

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 £9.5m (2023: £8.5m) in research and development, of which 89% 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 CFO Report 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; and
- 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, will be proposed at the forthcoming Annual General Meeting. Grant Thornton UK LLP have expressed their willingness to continue as Auditor of the Company.

Brendan Keane

Company Secretary

18 March 2025

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. Accordingly, the Directors have prepared the financial statements in accordance with UK-adopted international accounting standards and the provisions of the Companies Act 2006. 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; and
- 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

18 March 2025

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 2024, 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 2024 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to the Going concern note, within note 2 to the financial statements, which indicates that the Company has sufficient cash reserves to continue to operate as planned until March 2026, however it will require additional funding beyond this date. Should the forecast not be met, additional funding would be required within the going concern assessment period. As stated in the Going concern note, within note 2, these events or conditions, along with the other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Our evaluation of the directors' assessment of the Company's ability to continue as a going concern:

The existence of a material uncertainty related to going concern was assessed as a matter that was one of the most significant assessed risks of material misstatement due to the uncertainty associated with revenue generation and the ability of the Company to raise the funding required.

We performed the following procedures to evaluate management's assessment of the Company's ability to continue as a going concern:

- Obtained and assessed management's assessment of going concern, which includes management's base case and sensitised forecasts.
- Assessed management's forecasting accuracy by comparing the accuracy of actual financial performance to previous forecast information.
- Evaluated the key inputs and assumptions underpinning the basecase 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.
- Evaluated the robustness of the downside scenarios modelled by management.
- Evaluated the availability and impact of mitigating actions and assessed the availability and timing of additional funding.
- Challenged management on the sufficiency and appropriateness of the disclosures within the notes to the financial statements.

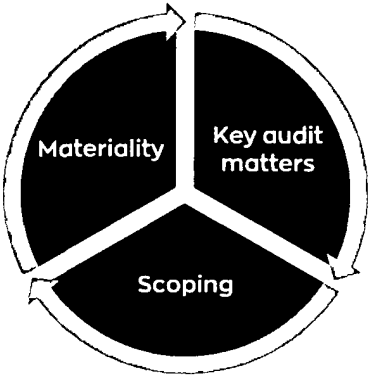
Independent auditor's report to the members
of AFC Energy Plc continued

Our responsibilities

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 or continue as a going concern.

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: £859,000, 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.

Key audit matters were identified as:

- Going concern (same as previous year)
- Financial reporting considerations relating to the Joint Venture arrangement, pinpointed to the revenue recognised on sales to the Joint Venture entity (new in current year)

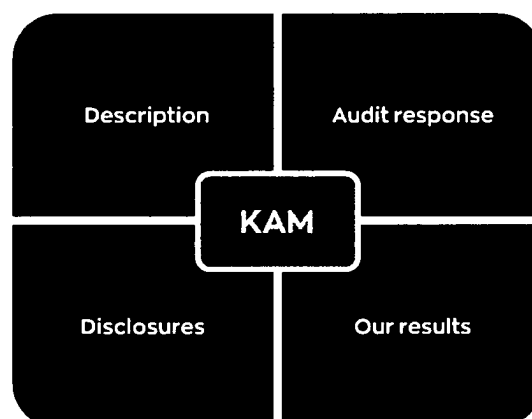
Our auditor's report for the year ended 31 October 2023 included a key audit matter related to the risk of incorrect accounting of the open contracts with customers and incomplete recognition of the loss provision in relation to contract accounting. This has not been reported as key audit matter in our current year's report because the level of judgement associated with the Company's contracts is less significant than in the prior year.

We performed an audit of the financial statements of the Company. A site visit was completed as part of our audit procedures, as well as attendance at the year-end stock count.

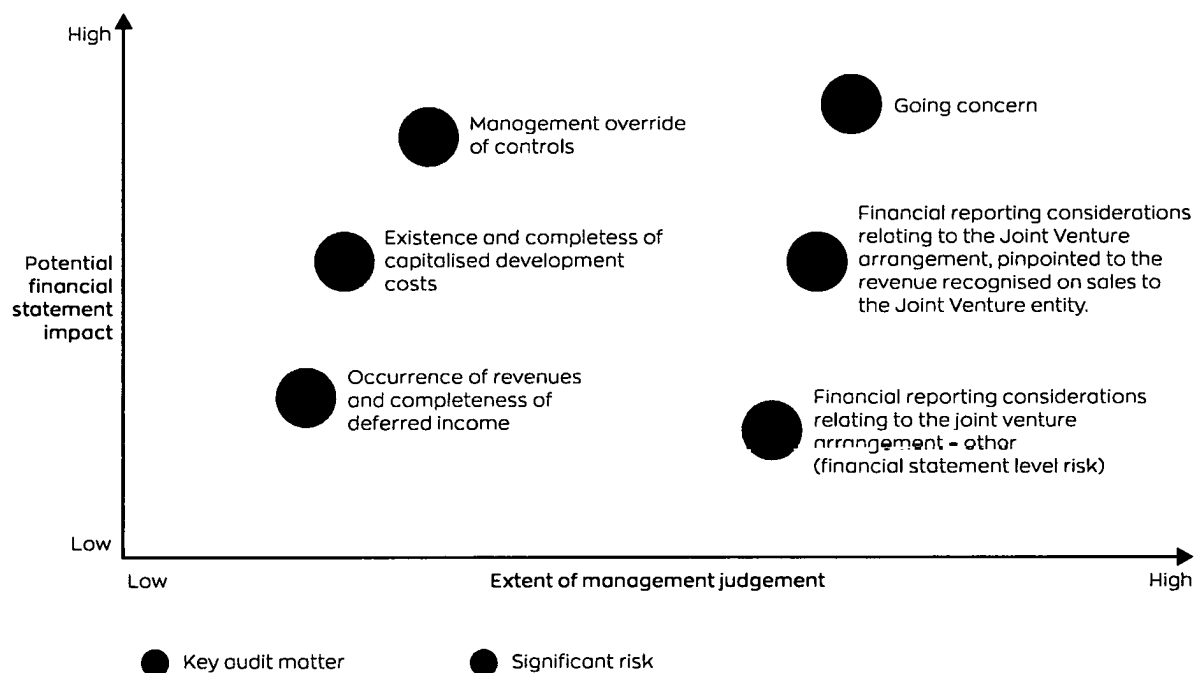


Key audit matters

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, significant risks and other risks relevant to the audit.



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

In addition to the matter described in the 'Material uncertainty related to going concern' section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How our scope addressed the matter
Financial reporting considerations relating to the Joint Venture arrangement, pinpointed to the revenue recognised on sales to the Joint Venture entity. We identified the financial reporting considerations relating to the Joint Venture arrangement, specifically the judgements made in respect of the joint venture entity (Speedy Hydrogen Solutions Limited) acting as principal when leasing the fuel cell units as one of the most significant assessed risks of material misstatement due to error. This assessment underpins the Company's own revenue recognition policy; to recognise revenue on sale of the fuel cell units at a point in time, once control has passed to the Joint Venture entity.	In responding to the key audit matter, we performed the following audit procedures: • Obtained and reviewed the papers prepared by management and its experts, along with the underlying legal agreements. • Assessed and challenged the reasonableness of the judgement made by management, in assessing the indicators set out in IFRS 15, as to whether the Joint Venture entity acts as principal in the contractual relationship with its customer. • Reviewed adequacy of disclosures in the financial statements.
Relevant disclosures in the Annual Report and Accounts 2024 Financial statements: Note 3, Critical Accounting Judgements. Audit and Risk Committee Report: Significant Financial Reporting Matters.	Our results Based on our audit work addressing the risk of financial reporting considerations relating to the Joint Venture arrangement, pinpointed to the revenue recognised on sales to the Joint Venture entity, we are satisfied that the judgement made by management is appropriate and in accordance with the financial reporting framework, including IFRS 15.



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:

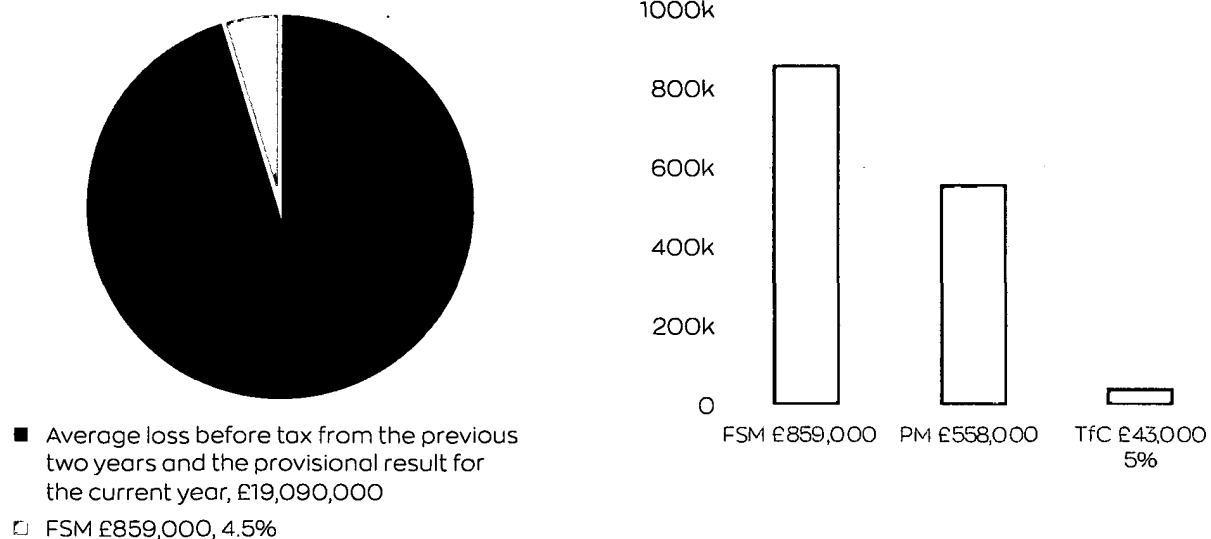
Materiality measure	Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. 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	In determining materiality, we made the following significant judgements: • Loss before tax is considered the most appropriate benchmark due to the Company being within the development phase of its lifecycle. We chose to use a three year average given the continued loss position and the potential volatility in earnings due to being a development stage entity. It is also a key performance measure for the Company and therefore of interest to stakeholders. • The engagement team selected a measurement percentage of 4.5% of the Company's average loss before tax from the previous two years and the provisional result for the current year. This was based on the complexity and the size of the Company and the continuing uncertainties in the macro-economic environment. Materiality for the current year is higher than the level that we determined for the year ended 31 October 2023 to reflect the increase in the Company's three year average loss before tax.

Independent Auditor's Report continued

Materiality measure	Company
Performance materiality used to drive the extent of our testing	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	£558,000 (2023: £482,000), which is 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 unadjusted misstatements and the Company's control environment.
Specific materiality	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' remuneration.
Communication of misstatements to the audit and risk committee	We determine a threshold for reporting unadjusted differences to the audit and risk committee.
Threshold for communication	£43,000 (2023: £37,100), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

66

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



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 and its system of internal control including common controls

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

Type of 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 and the financial reporting considerations relating to the Joint Venture arrangement, pinpointed to the revenue recognised on sales to the Joint Venture entity, which were identified as key audit matters.

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 dependant 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, as well as observing the Company's stock count.

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 2024, 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 2024. 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 in 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 their 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 Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's Report continued

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 60, 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 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
 - journal entry testing, with a focus on journals indicating large or unusual transactions or account combinations based on our understanding of the business.
- 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. 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

18 March 2025

Statement of comprehensive income

For the year ended 31 October 2024

	Note	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Revenue from customer contracts	5	4,002	227
Cost of sales		(5,868)	(294)
Gross loss		(1,866)	(67)
Other income	6	429	41
Operating costs	7	(18,133)	(19,994)
Operating loss		(19,570)	(20,020)
Finance income	11	316	512
Finance costs	11	(55)	(53)
Loss before tax		(19,309)	(19,561)
Taxation	12	1,890	2,086
Loss for the financial year and total comprehensive loss attributable to the owners of the company		(17,419)	(17,475)
Basic loss per share (pence)	13	(2.22)	(2.36)
Diluted loss per share (pence)	13	(2.22)	(2.36)

All amounts relate to continuing operations. There was no other comprehensive income in the year (2023: £nil).

The notes on pages 74 to 99 form part of these financial statements.

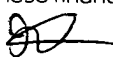
Statement of financial position

As at 31 October 2024

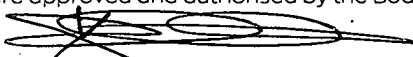
	Note	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Assets			
Non-current assets			
Intangible assets	14	4,626	264
Right-of-use assets	15	646	1,097
Investment in joint venture	16	625	-
Property, plant and equipment	17	4,666	3,756
		10,563	5,117
Current assets			
Inventory	18	1,948	178
Trade and other receivables	19	6,737	1,231
Income tax receivable	-	1,517	2,088
Restricted cash	20	433	258
Cash and cash equivalents	20	15,374	27,366
		26,009	31,121
Total assets		36,572	36,238
Current liabilities			
Trade and other payables	21	4,955	3,728
Lease liabilities	22	505	477
Provisions	23	217	-
		5,677	4,205
Non-current liabilities			
Lease liabilities	22	159	647
Provisions	23	468	301
		627	948
Total liabilities		6,304	5,153
Capital and reserves attributable to the owners of the parent			
Share capital	24	854	746
Share premium	24	133,555	118,520
Other reserve		4,629	3,779
Retained loss		(108,770)	(91,960)
Total equity attributable to shareholders		30,268	31,085
Total equity and liabilities		36,572	36,238

The notes on pages 74 to 99 form part of these financial statements.

These financial statements were approved and authorised by the Board on 18 March 2025.


John Wilson

Chief Executive Officer


Karl Bestock

Chief Financial Officer

AFC Energy plc - registered number 05668788

Statement of changes in equity

For the year ended 31 October 2024

	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 year	1	43	(1,072)	1,072	44
- Charged in the year	-	-	778	-	778
Fair value of warrants accounted for as equity	-	-	-	-	-
Balance at 31 October 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
Balance at 31 October 2024	854	133,555	4,629	(108,770)	30,268

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

The notes on pages 74 to 99 form part of these financial statements.

Cash flow statement

For the year ended 31 October 2024

	Note	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Cash flows from operating activities			
Loss before tax for the year		(19,309)	(19,561)
Adjustments for:			
Amortisation of intangible assets	14	81	110
Loss on disposal of intangible assets	14	-	1
Depreciation of right-of-use assets	15	470	455
Depreciation of property, plant and equipment	17	2,043	1,099
Loss on disposal of property, plant and equipment		-	34
Share-based payments	25	1,459	778
Finance income		(316)	(428)
Lease finance charges		41	69
R&D tax credits receivable		(224)	-
Working capital changes:			
(Increase) in restricted cash		(176)	354
(Increase) in inventory		(1,770)	(135)
(Increase) in receivables		(5,506)	(109)
Increase in payable		1,227	121
Increase in provisions		384	-
		(21,596)	(17,212)
R&D tax credits received		2,685	4,073
Net cash flows from operating activities		(18,911)	(13,139)
Capital investment in joint venture	16	(625)	-
Purchase of plant and equipment	17	(2,952)	(1,607)
Additions to intangible assets	14	(4,443)	(63)
Interest received	11	316	428
Net cash flows used in investing activities		(7,704)	(1,242)
Proceeds from the issue of share capital		15,792	2,000
Proceeds from the exercise of options		228	45
Cost of issue of share capital	24	(877)	-
Lease payments	22	(520)	(518)
Net cash flows from financing activities		14,623	1,527
Net increase/(decrease) in cash and cash equivalents		(11,992)	(12,854)
Cash and cash equivalents at the start of the year		27,366	40,220
Cash and cash equivalents at the end of the year	20	15,374	27,366

The notes on pages 74 to 99 form part of these financial statements.

Notes forming part of the financial statements

1. Corporate information

AFC Energy Plc (the Company or the parent) is a public limited company incorporated in England & Wales. The address of the registered office is Unit 71.4, 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 2024 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 financial statements have been prepared on a going concern basis notwithstanding the trading losses being carried forward and the expectation that the trading losses will continue for the near to medium future as the Company transitions from predominantly undertaking research and development to a more commercial basis.

In line with normal practice, and prior to signing this report, the Directors are required to assess whether it is appropriate to prepare the financial statements 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.

As part of this assessment, the Directors reviewed the Company's forecast cash position through to March 2026. This was based on the agreed budget for the 2025 financial year and the forecast for the 2026 financial year. The company has sufficient cash reserves to continue to operate as planned until March 2026 however it will require additional funding beyond this date. Should the forecast not be met, additional funding would be required within the going concern assessment period.

The Board reviewed possible downside scenarios to establish the resilience of the Company's cash reserves and identified the impact of continuing high levels of cost inflation, particularly on employee remuneration and supply chain, combined with delays of sales receipts as a particular risk.

Based on this assessment, and on the Company's intention to capitalise on its growing market opportunities by scaling up its manufacturing output and continuing to invest in research and development, the Board has concluded that additional funding will be required to deliver on these plans.

Whilst the Company is a going concern, further funding will be required for the period beyond the 12 months after the approval of the annual financial statements, indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Whilst the Board recognises the challenges of fundraising in the current economic climate, it is confident that when the Company does choose to seek additional funding that it will be available. This view is based primarily on the:

- recent technical successes of both the fuel cell and fuel processing teams;
- UK Government requirements for construction tenders to include a non-diesel solution for onsite electricity generation;
- growing levels of interest expressed by the construction market in the recent joint venture with Speedy Hire Plc;
- positive feedback from external advisors; and
- growing levels of institutional engagement, in both the fuel cell and fuel processing value streams, particularly following recent site visits.

Based on the above, the Directors have concluded that the Company remains a going concern and these financial statements have therefore been prepared on that basis.

The accounting policies set out below have, unless otherwise stated, been applied consistently in these financial statements.

Judgments made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

Standards, amendments and interpretations to published standards not yet effective

The following amendments to the accounting standards, issued by the IASB and endorsed by the UK, were adopted by the Company from 1 November 2023 with no material impact on the Company's results, financial position or disclosures:

- IAS 1 and IFRS Practice Statement 2 (amended) – Disclosure of Accounting Policies;
- IAS 8 (amended) – Definition of Accounting Estimate;
- IAS 12 (amended) – Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction;
- IAS 12 (amended) – International Tax Reform – Pillar Two Model Rules;
- IFRS 17 (amended) – Insurance Contracts; IFRS 17 (amended) and IFRS 9 – Comparative Information

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 1 (amended) – Classification of liabilities as current or non-current, Non-current Liabilities with Covenants;
- IFRS 10 and IAS 28 (amended) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- IFRS 16 (amended) – Lease Liability in a Sale and Leaseback;
- IAS 7 and IFRS 7 (amended) – Supplier Finance Arrangements;
- IAS 21 (amended) – Lack of Exchangeability

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

To determine whether to recognise revenue, a five-step process is followed:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognising revenue as the performance obligations are satisfied.

Complex contracts include competing priorities such as financial targets, support capabilities, and delivery schedules. A complex contract will have multiple independent issues which must all be negotiated individually.

Revenue is generated from complex contracts covering the:

- Sale of goods and parts,
- Sale of services and maintenance, and
- Short-term rental contracts which may be either single or multiple contracts. Multiple contracts are accounted for as a single contract where one or more of the following criteria are met:
 - The contracts were negotiated as a single commercial package,
 - Consideration of one contract depends upon the other contract, or
 - Some or all the goods and services comprise a single performance obligation.

The promises in each contract are analysed to determine if these represent performance obligations individually, or in combination with other promises. Performance obligations in the contracts are analysed between either distinct physical goods and services delivered or service level agreements. The transaction price of the performance obligations is based upon the contract terms considering both cash and non-cash consideration. Non-cash consideration is valued at fair value taking into consideration contract terms and known arm's length pricing where available. In the event there are multiple performance obligations in a contract, the price is allocated to the performance obligations based on the relative costs of fulfilling each obligation plus a margin.

Revenue is recognised either at a point in time or over time, as the performance obligations are satisfied by transferring the promised goods or services to its customers. Deferred revenue is recognised for consideration received in respect of unsatisfied performance obligations and the Company reports these amounts as payables in the statement of financial position.

Similarly, if a performance obligation is satisfied in advance of any consideration, a contract asset is recognised in the statement of financial position.

Notes forming part of the financial statements continued

Rental as service and long-term service contracts

Revenue is recognised over time based on outputs provided to the customer, because this is the most accurate measurement of the satisfaction of the performance obligation as it matches the consumption of the benefits obtained by the customer. The customer is simultaneously receiving and consuming the benefits as the Company performs its obligations. Revenue can comprise a fixed rental charge and a variable charge related to the usage of assets or other services including pass-through costs where pass-through refers to the variable charge, for example Hydrogen.

Sale (standard products) contracts

Certain products are not deemed bespoke because the company can sell them to various customers. Revenue from such standard products is - recognised at a point of time only when the performance obligation has been fulfilled and ownership of the goods has transferred, which is typically factory or site acceptance test, which is the official handover of control of the goods to the customer.

During the product build, deposits and progress payments are reflected in the statement of financial position as deferred revenue.

Sale (customised products) contracts

Certain bespoke products under customised contracts have no alternative use to the company. In addition such contracts have a right to payment for performance to date. Revenues from such customised products are recognised over time according to how much of the performance obligation has been satisfied. This is measured using the input or output method. Under the input method, the extent of inputs towards satisfying the performance obligation is compared with the expected total inputs required. Any changes in expectation are reflected in the total inputs figure as they become known. The progress percentage obtained is then applied to the transaction price associated with that performance obligation. Under the output method, revenue is recognised on the basis of direct measurement of the value to the customer of the goods or services transferred to date relative to the remaining goods and services promised under the contract.

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 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 into 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.

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.

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
Rental assets	3 to 5 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.

Notes forming part of the financial statements continued

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, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in operating costs. During the period of development, the asset is tested for impairment annually.

Research costs are expensed as incurred.

Patent and commercial rights

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	10 to 20 years
Commercial rights	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.

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, 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 is 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 or 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.

Notes forming part of the financial statements continued

Provisions

General

Provisions are recognised when the Company has a present obligation as a result 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.

Onerous contracts

If the company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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.

The Company does not currently recognise a deferred tax asset in relation to trading losses, as near-term taxable profits, against which to offset the asset, are not considered probable.

R&D tax credits

The Company's research and development activities allow it to claim R&D tax credits from HMRC in respect of qualifying expenditure under the SME R&D Tax Relief Scheme and the Research & Development Expenditure Credit (RDEC) Scheme. Under the SME scheme, the company recognises R&D tax credits in the taxation line in the statement of comprehensive income and it recognises the RDEC credit as other income above the operating profit line in the statement of comprehensive income.

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:

Customer contracts and revenue recognition

Customer contracts typically include the provision of goods or services, including sales of hydrogen fuel cells generators and related equipment, installation and maintenance services, engineering services and provision of hydrogen.

Customer agreements can be complex, involve multiple legal documents and have a duration covering multiple accounting periods including different performance obligations and payment terms designed to manage cash flow rather than the underlying arm's length transaction price.

For customised products contracts management uses judgment in determining whether certain promises within the contract constitute distinct performance obligations, whether those are satisfied over time or at a point in time and finally on the most appropriate method of allocating the transaction price. These judgments are made based on the interpretation of key clauses and conditions within each customer contract.

For standard product contracts where revenue is recognised at a point in time rather than over time, management uses judgement to assess the point of transfer of control to the customer at the point of acceptance of the products by the customer.

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 2024 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 2024, the carrying amount of capitalised development costs was £3,244,000 for fuel cell manufacturing technologies and £1,160,000 for fuel processing.

Principal versus agent considerations – hydrogen fuel cells sales to joint venture

Management have determined that the joint venture is the principal in the contractual relationship with its customer because on balance it obtains control over the products once those are transferred over to them. This is also contractually supported by the fact that the joint venture takes the inventory risk and has discretion in establishing the prices with its customers.

Notes forming part of the financial statements continued

Key source of estimation uncertainty**Impairment of 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 binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are relevant to the capitalised development costs recognised by the Company. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 14.

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.

4. 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, the development of fuel cells. In the year to 31 October 2024, the Company operated mainly in the United Kingdom. All non-current assets are in the United Kingdom. Revenue for the period was all generated from fuel cell systems.

The fuel processing operations are expected to commence in future financial years, and therefore it is not appropriate to detail this as a separate operating segment.

5. Revenue

	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Revenue from contracts with customers		
Sales of fuel cell generators	3,976	137
Rental revenue	26	-
Other revenue	-	90
	4,002	227
Being:		
Cash consideration	4,002	161
Consideration in kind	-	66
	4,002	227



£3,829,000 of the revenue during 2024 was recognised at a point in time rather than over time.

The consideration in kind relates to marketing services received from the customer and is fair valued in accordance with the contract.

One customer A (FY23: one customer B) accounted for more than 10% of revenue:

	Year ended 31 October 2024		Year ended 31 October 2023	
	£000	%	£000	%
Customer A	3,829	95.6		
Customer B	-	-	130	57.1

The majority of the other revenue relates to sales of hydrogen to the renter of the fuel cell generators.

Unsatisfied performance obligations were:

	Total £000	Within one year £000	Within two to five years £000
31 October 2023	1,423	-	1,423
31 October 2024	1,571	148	1,423

The aggregate amount of the transaction price allocated to contracts that are not fully satisfied as of 31 October 2024 was £1,571,000 (2023: £1,423,000).

£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 2024 £000	Year ended 31 October 2023 £000
Government grants income	130	-
R&D expenditure credits	224	-
Other	75	41
	429	41

Notes forming part of the financial statements continued

7. Operating costs

	Year ended 2024 Total £000	Year ended 2023 Total £000
Materials	1,685	4,679
	1,685	4,679
Payroll costs		
Payroll (excluding directors)	6,746	6,690
Directors' costs	1,526	1,895
Other employment costs	865	1,033
	9,137	9,618
Other administrative expenses		
Occupancy costs	461	884
Other administrative expenses	2,825	2,370
	3,286	3,254
Non-cash costs		
Amortisation of intangible assets	81	110
Depreciation of right-of-use assets	470	455
Depreciation of tangible fixed assets	2,043	1,099
Less depreciation of rental asset charged to cost of sales	(28)	(65)
Consideration in kind	-	66
Share-based payments charge	1,459	778
	4,025	2,443
	18,133	19,994

Research and development costs

The Company's fuel cells manufacturing and fuel processing research and development activities concentrate on the development of new design, engineering and prototype build. In 2024 the Company spent in total £9,512,000 (2023: £8,487,000) on research and development.

Research and development costs of £5,108,000 (2023: £8,487,000) that are not eligible for capitalisation have been expensed in the period incurred and recognised in operating expenses.

In 2024 development costs meeting the recognition criteria for capitalisation under IAS 38 Intangible Assets were £4,403,000 (2023: £Nil) (refer to note 14). Out of the total of £4,403,000 capitalised development costs, £1,507,000 relate to staff costs.

8. Auditor's remuneration

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

	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Audit	260	218
Other assurance services	-	17



9. Employee numbers and costs, including directors

The average number of employees in the year were:

	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Support, operations and technical	130	113
Directors	6	7
	136	120

The aggregate payroll costs for directors and employees were:

	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Wages and salaries	8,803	7,290
Social security	992	1,000
Employers' pension contributions	335	295
Total employee costs	10,130	8,585
Less: capitalised as development costs	(1,507)	-
	8,623	8,585
Equity-settled share-based payments expense	1,459	778
	10,082	9,363

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 2024 £000	Year ended 31 October 2023 £000
Salary and benefits	1,153	1,599
Pension	28	46
Total directors' remuneration	1,181	1,645

In addition, Directors received a total of £235,000 (2023:£nil) termination benefits in the year.

	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Highest paid director		
Wages and salaries	503	601
Termination benefit	235	-
Benefits in kind	45	44
	783	645
Employers' pension contributions	17	16
	800	661

11. Net finance income/(cost)

	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Lease interest	(41)	(69)
Exchange rate differences	-	22
Bank charges	(14)	(6)
Total finance cost	(55)	(53)
Finance income	316	512
Net finance income	261	459

Notes forming part of the financial statements continued

12. Taxation

	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Recognised in the statement of comprehensive income		
R&D tax credit – current year	1,293	2,088
R&D tax credit – prior year	597	(2)
Total tax credit	1,890	2,086
Reconciliation of effective tax rates		
Loss before tax	(19,309)	(19,561)
Tax using the domestic rate of corporation tax at 25.00% (2023: 22.52%)	4,827	4,405
Effect of:		
Change in unrecognised deferred tax resulting from tax losses	(2,430)	(2,443)
Non-deductible items	(245)	(43)
Depreciation in excess of capital allowances	(19)	(6)
Other differences	(320)	-
R&D expenditure credits	(75)	-
R&D enhanced deduction on qualifying R&D expenditure	913	1,959
R&D rate adjustment on surrendered losses	(1,358)	(1,784)
Adjustment to R&D tax credit – prior year	597	(2)
Total tax credit	1,890	2,086

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

	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Intangible assets	(1,814)	(429)
Property, plant and equipment	1,923	860
Share-based payments	142	57
Other differences	-	11
Losses carried forward	16,825	14,389
Unrecognised deferred tax assets	17,076	14,888

Deferred tax assets of £1,814,000 (2023: £429,000) 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 £67.3 million (2023: £57.6 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 £597,000 is largely due to a higher tax rates for R&D intensive schemes enacted post 31 October 2023.

The 2021 Finance Act increased the UK corporation tax rate to 25% from 1 April 2023, which will affect any future tax charges.

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 2024	Year ended 31 October 2023
Basic loss per share (pence)	(2.22)	(2.36)
Diluted loss per share (pence)	(2.22)	(2.36)
Loss attributable to equity shareholders £000	(17,419)	(17,475)
Weighted average number of shares in issue	784,681,892	741,451,346

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 2024 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 2024 nor the previous year.

14. Intangible assets

	Development costs £000	Patents & commercial rights £000	Total intangible assets £000
Cost			
At 1 November 2022	229	1,341	1,570
Additions	-	63	63
Disposals	(229)	-	(229)
At 31 October 2023	-	1,404	1,404
Additions	4,403	40	4,443
Disposals	-	-	-
At 31 October 2024	4,403	1,444	5,847
Amortisation			
At 1 November 2022	229	1,030	1,259
Charge for the year	-	110	110
Impairment charge	(229)	-	(229)
At 31 October 2023	-	1,140	1,140
Charge for the year	-	81	81
Disposals	-	-	-
At 31 October 2024	-	1,221	1,221
Net book value			
At 31 October 2023	-	264	264
At 31 October 2024	4,403	223	4,626

Impairment review of capitalised development costs

For impairment testing purpose internally generated capitalised development costs are allocated to two cash generating units ('CGU') - Fuel Processing and Fuel Cells, which are likely to be future operating and reportable segments.

The value in use for both fuel processing and fuel cells manufacturing CGUs, is based on the cash flows expected to be generated by the projected production profiles over 5 years since commencement of production. Estimated production volumes and cash flows, including operating and capital expenditure, are derived from the business plans for the two units. Key assumptions used in the value in use calculations for both CGUs were the post tax discount rates of 16.3%, a terminal growth rate of 3% and significant growth in the operating cash flows as a result of the projected increase in production profiles.

No impairment of the development costs balances in either fuel cells or fuel processing is recognized during 2024. Recoverable amounts are significantly exceeding carrying values even when applying large swings in key assumptions underpinning the value in use calculations for both fuel processing and fuel cells manufacturing CGUs.

Notes forming part of the financial statements continued

15. Right-of-use assets

	Cars £000	Buildings £000	Total £000
Cost			
At 1 November 2021	-	1,885	1,885
Additions	-	576	576
Disposals	-	(476)	(476)
At 31 October 2023	-	1,985	1,985
Additions	19	-	19
Disposals	-	-	-
At 31 October 2024	19	1,985	2,004
Depreciation			
At 1 November 2022	-	909	909
Charge for the year	-	455	455
Disposals	-	(476)	(476)
At 31 October 2023	-	888	888
Charge for the year	1	469	470
At 31 October 2024	1	1,357	1,358
Net book value			
At 31 October 2023	-	1,097	1,097
At 31 October 2024	18	628	646

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.

	2024 £000
1 November 2023	-
Capital invested	625
Impairment	-
31 October 2024	625

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 31 October 2024.



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
Cost						
At 1 November 2022	-	2,570	300	3,562	406	6,838
Additions	-	985	-	334	288	1,607
Disposals	-	(9)	-	(25)	-	(34)
At 31 October 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
Depreciation						
At November 2022	-	746	285	2,525	-	3,556
Charge for the year	-	648	15	436	-	1,099
At 31 October 2023	-	1,394	300	2,961	-	4,655
Charge for the year	29	1,221	77	715	-	2,043
Disposals	-	-	-	(2,483)	-	(2,483)
At 31 October 2024	29	2,615	377	1,193	-	4,214
Net book value						
At 31 October 2023	-	2,152	-	910	694	3,756
At 31 October 2024	319	1,403	90	2,184	670	4,666

18. Inventory

	31 October 2024 £000	31 October 2023 £000
Raw materials	1,782	185
Work-in-progress	615	405
Provision	(449)	(412)
Inventory	1,948	178

Inventory expensed as cost of sales during the year was £5,348,000 (2023 Enil). As at 31 October 24, work-in-progress was written down by £449,000 to net realisable value.

Notes forming part of the financial statements continued

19. Trade and other receivables

	31 October 2024 £000	31 October 2023 £000
Trade receivables	249	107
Receivable from joint venture	4,114	-
VAT receivables	8	383
Other receivables	313	217
Prepayments	2,053	524
	6,737	1,231

The company has committed to provide sufficient funds to the joint venture along with JV partners to settle the obligation (refer also to note 16).

Included within prepayments is an amount of £1,378,000 (2023: £119,000) in relation to payments made to suppliers in advance of receipt of stock.

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

20. Cash and cash equivalents

	31 October 2024 £000	31 October 2023 £000
Cash at bank	769	303
Bank deposits	14,605	27,063
	15,374	27,366

There is no material foreign exchange movement in respect of cash and cash equivalents.

Restricted cash of £433,720 (2023: £258,000) is not included within cash and cash equivalents and is held in escrow to support bank guarantees provided under contractual obligations to suppliers and customers.

21. Trade and other payables

	31 October 2024 £000	31 October 2023 £000
Trade payables	1,826	931
Deferred revenue	1,804	1,423
Other payables	468	416
Accruals	857	958
	4,955	3,728

Included in Accruals as of 31 October 2024 is an amount of £290,000 in relation to bonuses (2023: £690,000).

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 considered to be linked.



22. Lease liabilities

Changes in liabilities arising from financing activities:

	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Opening position	1,124	996
Cash flows		
Repayment	(520)	(516)
Non-cash		
Additions	19	575
Interest expense	41	69
	664	1,124
	31 October 2024 £000	31 October 2023 £000
Lease liabilities less than 12 months	505	477
Lease liabilities more than 12 months	159	647
	664	1,124

£647,000 of the Company's lease liability as at 31 October 2024 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 with a break clause in February 2025. 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 £84,250 (2023: £102,000).

91

23. Provisions

	Product warranties £000	Decommissioning £000	Total £000
Balance at 31 October 2023	-	301	301
Additions	217	167	384
Utilisation	-	-	-
Balance at 31 October 2024	217	468	685
Current	217	-	217
Non-current	-	468	468

Decommissioning

Included within the total of £468,000 above, £417,150 relates to a provision for the estimated costs of removing the plant and equipment installed at site owned by a supplier of hydrogen fuel. Having renewed the Stade hydrogen offtake agreement for a further five-years, from January 2023, no decision has been taken as to when the site might be decommissioned.

Product warranties

As at 31 October 2024 £217,000 provision is recognised for expected warranty claims on hydrogen fuel cells generators sold during the year. It is expected that these costs will be incurred in the next financial year. 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.

Notes forming part of the financial statements continued

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 2022	735,351,171	-	735	119,756	(3,269)	116,487
Issue of shares						
5 April 2023	10,000,000	2,000,000	10	1,990	-	1,990
Exercise of options						
1 June 2023	10,000	-	-	-	-	-
Exercise of warrants						
14 June 2023	900,000	44,325	1	43	-	43
Exercise of PSP award						
22 September 2023	255,136	255	-	-	-	-
At 1 November 2023	746,516,307	-	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
	854,357,806	-	854	137,701	(4,146)	133,555

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 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 £133,555,000.

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.

25. Share-based payments

Share-based payment charge:

	31 October 2024 £000	31 October 2023 £000
Employee Share Option Plan	911	48
Employee Performance Share Plan	591	612
SAYE	(43)	118
	1,459	778

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. 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 2024 £	Number of options 2024	Average exercise price per share option 2023 £	Number of options 2023
At 1 November	0.32	12,970,500	0.35	13,717,167
Granted during the year	0.12	10,428,013	0.16	2,125,000
Exercised during the year	0.09	(2,562,500)	0.09	(10,000)
Lapsed during the year	0.19	(285,000)	0.17	(2,861,667)
Forfeited during the year	0.19	(290,000)	-	-
Amended during the year:				
Options at original exercise price	-	-	0.62	(1,000,000)
Options at rebased exercise price	-	-	0.11	1,000,000
At 31 October	0.07	20,261,013	0.32	12,970,500
Vested and exercisable at 31 October		7,283,000		9,630,500

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 2024	Share options 2023
02 December 2013	01 December 2023	0.3400	-	120,000
17 July 2015*	17 July 2028	0.2200	6,000,000	6,000,000
10 September 2018	01 August 2024	0.0880	-	190,000
15 October 2018	15 October 2024	0.0880	-	2,500,000
20 April 2020	20 April 2030	0.1540	783,000	820,500
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	215,000	215,000
27 April 2023	27 April 2033	0.0188	625,000	625,000
04 April 2024	04 April 2034	0.1300	238,013	-
18 April 2024	18 April 2034	0.1900	5,890,000	-
10 June 2024	10 June 2034	0.2000	70,000	-
13 June 2024	13 June 2034	0.1600	110,000	-
24 July 2024	24 July 2034	0.1600	110,000	-
05 September 2024	05 September 2034	0.0010	3,400,000	-
06 September 2024	06 September 2034	0.1300	250,000	-
07 October 2024	07 October 2034	0.1300	70,000	-
			20,261,013	12,970,500

* Award amended by Deed of Variation in 2024.

** Award amended by Deed of Variation in 2023.

Notes forming part of the financial statements continued

On 13 May 2024, the Company extended by 3 years the expiry term of the 6,000,000 shares options granted originally on 17 July 2015 under the Employee Share Option Plan. The extension of the expiry period resulted in an increase of the fair value of the affected share options by £409,000, which has been recognised as an additional share-based payment expense in the current financial year.

The fair value of the modified share options was determined using 1) Black-Scholes model for 3,000,000 share options not subject to any market conditions and 2) hybrid model, a combination between Monte Carlo simulation and Binomial tree model, for 3,000,000 share options subject to market conditions. The inputs and assumptions incorporated in the valuation are listed in the table below. The valuation date is the modification date of 14 May 2024.

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 £	Amount expense in 2024 £000
04 July 2022	0.1900	0.1900	95.00%	1.83%	0.00%	3.0	0.1140	8
27 April 2023	0.1880	0.1882	78.00%	3.82%	0.00%	3.0	0.0990	21
09 June 2023	0.1000	0.1682	72.00%	4.51%	0.00%	0.7	0.0791	8
09 June 2023	0.1000	0.1682	72.00%	4.51%	0.00%	0.9	0.0825	8
09 June 2023	0.1250	0.1682	72.00%	4.51%	0.00%	1.7	0.0817	24
09 June 2023	0.1250	0.1682	72.00%	4.51%	0.00%	1.9	0.0847	7
09 June 2023	0.1530	0.1682	72.00%	4.51%	0.00%	2.7	0.0856	7
09 June 2023	0.1530	0.1682	72.00%	4.51%	0.00%	2.9	0.0883	22
04 April 2024	0.1300	1.1700	85.08%	3.77%	0.00%	-	0.1500	16
18 April 2024	0.1900	0.1900	85.06%	4.01%	0.00%	-	0.1600	319
10 June 2024	0.2000	0.1900	85.56%	4.05%	0.00%	-	0.1600	3
13 June 2024	0.1600	0.1600	85.40%	3.86%	0.00%	-	0.1400	4
24 July 2024	0.1600	0.1500	85.40%	3.89%	0.00%	-	0.1300	2
05 September 2024	0.0010	0.1300	85.36%	3.63%	0.00%	-	0.1300	50
06 September 2024	0.1300	0.1200	85.35%	3.60%	0.00%	-	0.1000	2
07 October 2024	0.1300	0.1000	85.33%	3.88%	0.00%	-	0.0800	1
13 May 2024*	0.2200	0.2100	76.50%	4.13%	0.00%	-	0.0972	182
13 May 2024*	0.2200	0.2100	76.50%	4.13%	0.00%	-	0.1213	227
								911

* The grant date is the date of modification of the original share options granted on 17 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 2024 £	Number of options 2024	Average exercise price per share option 2023 £	Number of options 2023
At 1 November	0.001	7,600,904	-	6,131,266
Granted during the year	0.001	6,295,394	0.001	4,664,000
Exercised during the year	0.001	-	0.001	(255,136)
Lapsed during the year	0.001	(620,970)	0.001	(2,939,226)
At 31 October	0.001	13,275,328	0.001	7,600,904
Vested and exercisable at 31 October		-		-

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 2024	Share options 2023
19 November 2021	19 November 2031	0.001	-	620,970
12 July 2022	12 July 2032	0.001	2,315,934	2,315,934
1 June 2023	1 June 2033	0.001	4,664,000	4,664,000
02 May 2024	02 May 2034	0.001	369,405	-
02 May 2024	02 May 2024	0.001	5,925,989	-
			13,275,328	7,600,904

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	Amount expense in 2024 £000
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	80
19 November 2021	0.001	53.80	76.00%	0.05%	0.00%	3.00	0.45	35
15 July 2022	0.001	20.70	95.00%	1.76%	0.00%	3.00	12.70	91
15 July 2022	0.001	20.70	95.00%	1.76%	0.00%	3.00	16.60	119
01 June 2023	0.001	17.91	74.00%	4.29%	0.00%	3.00	8.79	68
01 June 2023	0.001	17.91	74.00%	4.29%	0.00%	3.00	10.92	85
02 May 2024	0.001	18.00	88.11%	4.03%	0.00%	3.00	15.00	9
02 May 2024	0.001	18.00	67.50%	4.49%	0.00%	3.00	10.00	104
Total charge for the year (2023: £612,000)								591

Three grants were made on 19 November 2021. The first two, of the three disclosed above, related to the Transitional LTIP, and was made in two tranches. The first tranche had a risk free rate of 0.05% whilst the second tranche had a risk-free rate of 0.35%. The third, of the three above, related to the PSP LTIP and had a risk free rate of 0.05%.

SAYE

Save-as-you-earn (SAYE) 'Sharesave' schemes are open to all eligible employees. The SAYE schemes allows eligible employees to commit to making a deduction from salary on a monthly basis 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.

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.

Notes forming part of the financial statements continued

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 2024 Pence	Number of options 2024	Average exercise price per share option 2023 £	Number of options 2024
01 November	17.44	3,944,601	20.48	2,007,400
Granted during the year	-	-	14.30	1,937,201
Forfeited during the year	19.42	(1,915,803)	-	-
31 October	15.58	2,028,798	17.44	3,944,601
Vested and exercisable at 31 October	-	-	-	-

Grant date	Expiry date	Exercise price Pence	Share options 2024	Share options 2023
03 August 2022	31 March 2026	20.480	420,989	2,007,400
19 October 2023	30 April 2027	14.304	1,607,809	1,937,201

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	Amount expense in 2023 £000
03 August 2022	20.480	25.60	95.00%	2.93%	0.00%	3.08	17.700	(80)
19 October 2023	14.304	13.97	73.00%	4.72%	0.00%	3.03	7.060	37
Total charge for the year (2023: £118,000)								(43)

96

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 2024 £	Number of warrants 2024	Average exercise price per warrant 2023 £	Number of warrants 2023
01 November	0.670	11,802,720	0.540	15,702,720
Granted during the year	-	-	-	-
Exercised during the year*	-	-	0.049	(900,000)
Lapsed during the year	0.585	(6,802,720)	0.210	(3,000,000)
31 October	0.770	5,000,000		11,802,720
Vested and exercisable at 31 October		-		3,401,360

Grant date	Warrant 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 warrant life in years	Average fair value per warrant Pence	Amount expenses in 2024 £000
13 October 2020	19.5	18.56	102.76%	(0.02)%	0.00%	1	7.01	-
Total charge for the year (2023: £NIL)								-

* These warrants represent share-based payments which have been accounted for under IFRS 2 and disclosures have been made which are required for share based payments, these can be found in notes 9 and 25.



Grant date	Warrant 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 warrant life in years	Average fair value per warrant Pence	Accounted as equity in 2024 £000
15 November 2021	58.8	58.8	59.1%	0.65%	0.00%	2	6.3	-
15 November 2021	58.8	58.8	59.1%	0.65%	0.00%	2	11.3	-
15 November 2021	58.8	58.8	59.1%	0.65%	0.00%	2	9.9	-
Accounted as equity (2023: £NIL)								-

In the case of the ABB warrants in the table above, the warrant life is two years from the date of vesting. The first tranche of 3.4 million warrants have fully vested and expired on 4 February 2024 without having been exercised. Under the revised agreement signed on 28 March 2023, ABB will invest the £2.0 million balance into newly issued share capital, which means that the original milestones 1 and 2 no longer apply. During 2024 the related warrants have been cancelled.

Warrants outstanding at the end of the year have the following expiry dates and exercise prices.

Grant date	Expiry date	Exercise price	Warrants 2024	Warrants 2023
13 January 2021	13 March 2025	0.770	5,000,000	5,000,000
15 November 2021	04 February 2024	0.590	-	3,401,360
15 November 2021	24 months after vesting	0.590	-	1,700,680
15 November 2021	24 months after vesting	0.590	-	1,700,680
			5,000,000	11,802,720

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 2024 £000	Year ended 31 October 2023 £000
Financial instruments held at amortised cost:			
Cash and cash equivalents	20	15,374	27,366
Restricted cash		433	258
Trade and other receivables	19	4,676	324
Total financial assets held at amortised cost		20,483	27,948
Trade & other payables	21	3,151	2,304
Leases	22	664	1,124
Total financial liabilities held at amortised cost		3,815	3,428

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.

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. 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 2024 £000	Year ended 31 October 2023 £000
Cash and cash equivalents	15,374	27,366
Restricted cash	433	258
Receivables	4,676	324

Credit risk with cash and cash equivalents 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 were temporarily held on short-term deposit. The credit risk provision is estimated on a case by case basis taking into account public information of the counterparty and payment history and no loss is expected. No expected credit loss has been made as at 31 October 2024 and 2023 as they are estimated to be de minimis.

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	One to two years	Two to five years	Total contracted cash flows	Carrying amount
31 October 2024	£000	£000	£000	£000	£000
Trade & other payables	3,151	–	–	3,151	3,151
Lease liabilities	525	144	19	688	664
Total financial liabilities	3,676	144	19	3,839	3,815
	Less than one year	One to two years	Two to five years	Total contracted cash flows	Carrying amount
31 October 2023	£000	£000	£000	£000	£000
Trade & other payables	2,304	–	–	2,304	2,304
Lease liabilities	518	518	151	1,187	1,124
Total financial liabilities	2,822	518	151	3,491	3,428

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 47 to 58 and note 10. A full list of subsidiaries and joint ventures is given in note 28.

Joint venture

During the year the Company made sales of £3,829,000 to Speedy Hydrogen Solutions Limited, a joint venture in which the company is a venturer (refer also to note 16 and note 28). As at the year end, £4,114,000 is receivable from Speedy Hydrogen Solutions Limited and it is included within trade and other receivables (refer to 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 considered to be all executive and non-executive directors in office during each financial year.

	Year ended 31 October 2024 £000	Year ended 31 October 2023 £000
Short-term employee benefits:		
Salaries and bonuses	1,101	1,526
Termination benefits	234	-
Benefits in kind	52	74
	1,387	1,600
Post-employment benefits:		
Defined contribution pension plans	28	46
	1,415	1,646
Share-based payments	756	629
Total	2,171	2,275

Aggregate gains made by directors on the exercise of share options and warrants was £nil (2023: £129,225).

During the year, the directors, in aggregate, subscribed for a total of 666,666 ordinary shares for a total consideration of £100,000.

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 WA12 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 only 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 71.4 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.

There is no ultimate controlling party.

29. Events occurring after the end of the reporting period

See within the Directors' Report on page 59.

Company information

Executive directors	Appointed	Resigned
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
BOND, Adam Steven	01-Jun-12	05-Sep-24
Non-executive directors	Appointed	
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	
Company Secretary	Appointed	
KEANE, Brendan James	09-Oct-23	

Registered Office

Unit 71.4 Dunsfold Park, CRANLEIGH, GU6 8TB

Bankers

Barclays Bank Plc, 40/41 High Street, CHELMSFORD, CM1 1BE

Joint Broker

Zeus Capital Limited, 82 King Street, MANCHESTER, M2 4QW
RBC Capital Markets, 100 Bishopsgate, LONDON, EC2N 4AA

AIM Nominated Adviser and Joint Broker

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

Auditors and reporting accountants

Grant Thornton UK LLP, 30 Finsbury Square, LONDON, EC2A 1AG

Financial PR Advisers

FTI Consulting, 200 Aldersgate Street, LONDON, EC1A 4HD

Registrars

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



CARBON BALANCED PAPER

www.carbonbalancedpaper.com

CBP029960



Printed by a Carbon Neutral Operation (certified: CarbonQuota) under the PAS2060 standard.

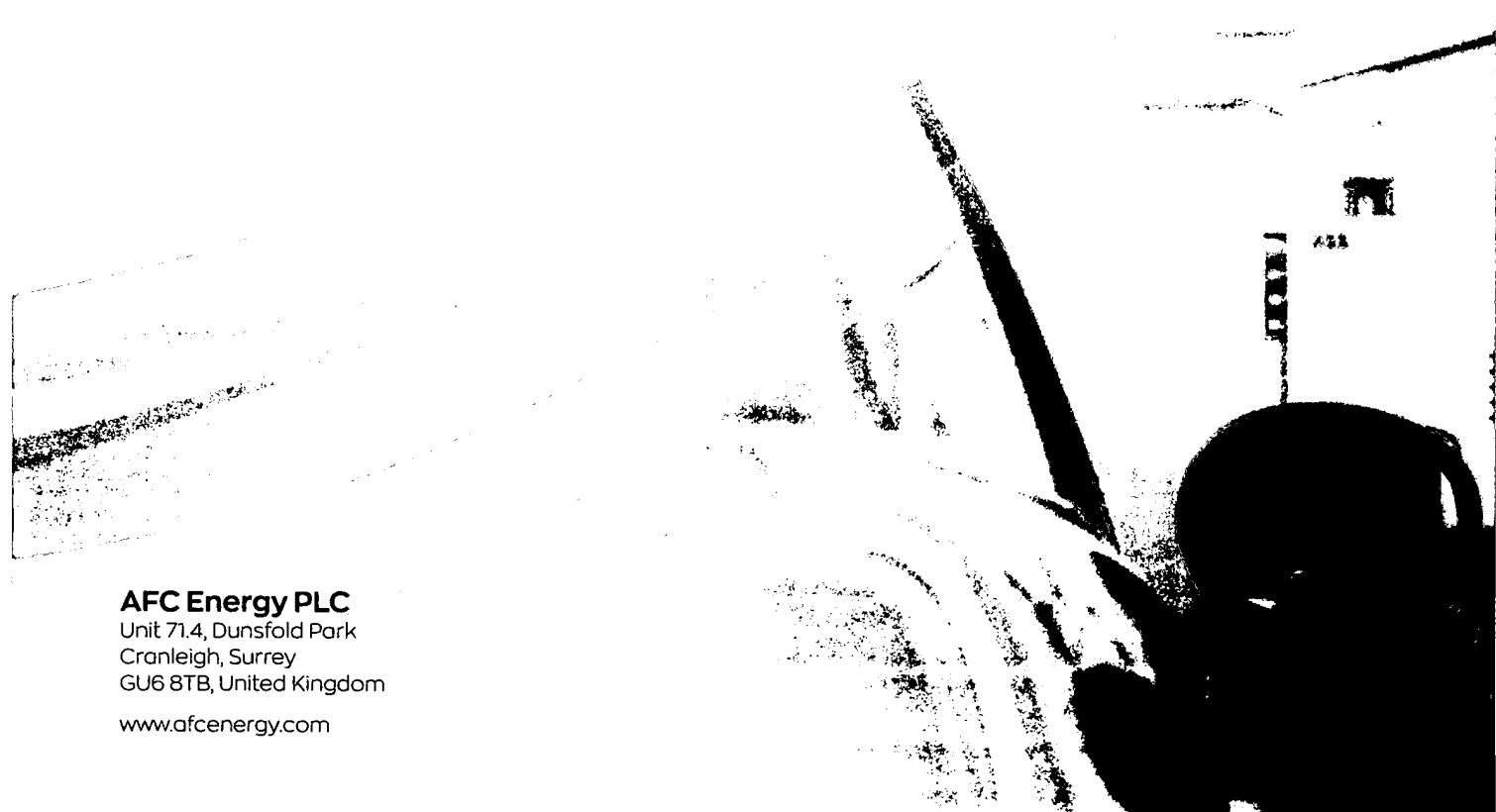
Printed on material from well-managed, FSC™ certified forests and other controlled sources. This publication was printed by an FSC™ certified printer that holds an ISO 14001 certification.

100% of the inks used are HP Indigo ElectroInk which complies with RoHS legislation and meets the chemical requirements of the Nordic Ecolabel (Nordic Swan) for printing companies, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be recycled and the remaining 1% used to generate energy.

The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land. Through protecting standing forests, under threat of clearance, carbon is locked-in, that would otherwise be released.

Designed and produced by **emperor**
Visit us at emperor.works





AFC Energy PLC
Unit 71.4, Dunsfold Park
Cranleigh, Surrey
GU6 8TB, United Kingdom
www.afcenergy.com