



RNS

Half-year/Interim Report

## Half-year Report

**PROTON MOTOR POWER SYSTEMS PLC**

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### **Proton Motor Power Systems plc**

(“Proton Motor” or the “Company”)

### **Unaudited Interim Results for the six months to 30 June 2020**

Proton Motor Power Systems plc (AIM: PPS), the designer, developer and producer of fuel cells and fuel cell electric hybrid systems with a zero-carbon footprint, announces its unaudited interim results for the six months ended 30 June 2020.

The highlights of the first half of 2020 are detailed in the Chairman’s report which is set out below.

#### **For further information:**

##### **Proton Power Systems plc**

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Helmut Gierse, Chairman

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##### **About Proton Motor Fuel Cell GmbH**

Proton Motor has more than 20 years of experience in Power Solutions using CleanTech technologies such as hydrogen fuel cells, fuel cell and hybrid systems with a zero carbon footprint. Based in Puchheim near Munich, Proton Motor offers complete fuel cell and hybrid systems from a single source - from the development and production through the implementation of customized solutions. The focus of Proton Motor is on back-to-base, for example, for mobile, marine and stationary solution applications. The product portfolio consists of base-fuel cell systems, standard complete systems, as well as customized systems.

Proton Motor serves IT, Telecoms, public infrastructure and healthcare customers in Germany, Europe and Middle East with power supply solutions for DC and AC power demand. In addition to power supply, SPower also offers solutions for Solar Systems as well as a new product line for Solar Energy Storage.

Proton Motor Fuel Cells GmbH is a wholly owned subsidiary of Proton Motor Power Systems plc. The Company has been quoted on the AIM market of the London Stock Exchange since October 2006 (code: PPS).

## Chairman's report

We are pleased to report our unaudited results for the six months ended 30 June 2020.

### Overview:

Proton Motor Power Systems plc (formerly Proton Power Systems plc) has made further progress this year in proving its technology, building on its strategic co-operations and sales pipeline. We have strengthened our organisation to be able to deliver complete power supply solutions. In spite of the COVID-19 backdrop a further strengthening of industry and consumer demand for alternative sources of energy continues to be evident in the period under review. Proton Motor's technology offer continues to mature to remain aligned with this growing demand and supports the continuing commercialisation process of the group. This is evidenced by the record order intake in Q1 2020; the potential sales order and production pipeline is strong as at the date of this report.

### Highlights and Financial Results 1HY 2020:

- In Q1 2020 Proton Power achieved a record quarterly order intake of £5.8m. Order intake in 2020 to the date of this report amounts to £6.5m [including the recently announced first order recently received from Shell New Energies]. At the date of this report this results in a production backlog at sales value amounting to £6.4m. This backlog will result in deliveries of varying configurations of fuel cell systems to customers both in 2020 and 2021.
- 80% of order intake in 2020 to the date of this report is derived from the stationary segment with other orders being spread across the mobile, maritime and rail segments.
- During the first half of 2020, we also received orders from E-Trucks Europe for refuse collection trucks and from Vonovia SE for stationary systems and we entered into a framework agreement with APEX Energy Teterow GmbH for ten containerised 100kW fuel cell systems.
- Having implemented from the onset all recommended protective measures at its factory in Puchheim, to date Proton has not been affected by COVID-19 as there has not been a single case of COVID-19 amongst the Company staff. Whilst our staff have to maintain social distancing and other recommended measures to protect themselves against the virus, our factory in Puchheim remains fully open and our production capacity is unaffected, thus being able to focus on manufacturing and delivering the above mentioned order intake. Other effects such as material supply bottlenecks have not been experienced to date.
- Sales in the first half of 2020 at £1,101k, when compared to the first half 2019 sales figure of £269k, have seen a substantial annual increase of 309%. Sales performance included deliveries to the stationary, mobile and maritime segments.
- Sales in the first half of 2020 at £1,101k exceed the full year sales figure of £769k achieved in 2019, i.e. already an increase of 43.1% over the full year 2019.

- Excluding the impact of the embedded derivative together with exchange losses, the operating loss in the first half of 2020 was £2,830k vs. £2,750k in the first half of 2019 which is in line with our budgeted expectations.  
The movement relating to the embedded derivative is a non-operating, non-cash item, required by IFRS financial reporting, which is based on gauging the potential effects of partial convertible interest on loan financing.
- Cash burn from operating activities has increased during the period to £4.0m vs. £2.9m in the first half of 2019 reflecting the increased level of activities to deliver our sales pipeline. Cash flow is our key financial performance target and our objective is to achieve a positive cash flow in the shortest time possible. Current contracts are quoted with up-front payments reducing reliance on working capital as we continue to invest in our manufacturing capability. The cash position at 30 June 2020 was £337k vs. £930k at 30 June 2019.

### **Company history:**

In the expansion, realignment and constant development of its core technologies, Proton Motor has consistently demonstrated deep market awareness. Proton Motor has survived in the clean tech fuel cell technology business when many companies failed in 2008 following the financial crash. In terms of technology design, Proton Motor's clean tech technology has always remained true to its vision and has driven innovation forwards into the new hydrogen world.

The Company began as Magnet Motor, starting fuel cell development in 1994 and opening its factory in 1998. The technology and application roadmap went from the world's first fuel cell powered fork lift truck to a fuel cell ship. After that we developed the triple hybrid Skoda bus in 2008. Containerised power solutions completed the application portfolio. All these applications are powered by our own fuel cell stacks, with a robust design for a long lifetime. The Company established operations in the Munich area and was one of the first German designers and manufacturers of fuel cells

### **Global fuel cell market:**

The 2019 global fuel cells market size was valued at approximately USD 10.48 billion, according to a study conducted by the market research company Grand View Research. The upward trend in fuel cell demand is foreseen to continue throughout 2020 and beyond. Expecting a CAGR of 15.5 % during the years 2020-2027, the market size will exceed USD 33 billion in 2027.

Source: [www.grandviewresearch.com/industry-analysis/fuel-cell-market](http://www.grandviewresearch.com/industry-analysis/fuel-cell-market)

### **Increasing political commitment to hydrogen as an energy source:**

#### **European Union (EU)**

The EU originated European Clean Hydrogen Alliance (ECH2A) was announced as part of the New Industrial Strategy for Europe, which was launched on 8 July 2020 within the context of the hydrogen strategy for a climate-neutral Europe.

The European Clean Hydrogen Alliance aims at an ambitious deployment of hydrogen technologies by 2030, bringing together renewable and low-carbon hydrogen production, demand in industry, mobility and other sectors, and hydrogen transmission and distribution.

With the alliance, the EU wants to build its global leadership in this domain, to support the EU's commitment to reach carbon neutrality by 2050.

<https://www.ech2a.eu/>

Proton Motor has been participating in the ECH2A founding process.

Proton Motor is already participating in the EU REVIVE project. REVIVE stands for 'Refuse Vehicle Innovation and Validation in Europe'. The project has been running from the beginning of 2018 and will continue for 4 years until the end of 2021. The objective of REVIVE is to significantly advance the state of development of fuel cell refuse trucks, by integrating fuel cell powertrains into 15 vehicles and deploying them across 8 sites in Europe. It aims to deliver substantial technical progress by integrating fuel cell systems from three suppliers into a mainstream DAF chassis, and developing effective hardware and control strategies to meet highly demanding refuse truck duty cycles.

There is also the EU JIVE project. The JIVE (Joint Initiative for hydrogen Vehicles across Europe) project seeks to deploy 139 new zero emission fuel cell buses and associated refuelling infrastructure across five countries. JIVE is running for six years from January 2017 and is co-funded by a €32 million grant from the FCH JU (Fuel Cells and Hydrogen Joint Undertaking) under the European Union Horizon 2020 framework programme for research and innovation. The project consortium comprises 22 partners from seven countries.

### **Federal Republic of Germany**

On 3 June 2020 Germany's coalition government presented a €130 billion (£114 billion) fiscal stimulus package worth 4 per cent of German gross domestic product over two years.

This package includes the following elements with regard to the role of hydrogen:

- The 'national fuel cell strategy' will support the hydrogen industry with €7 billion. The goal is to make Germany a global champion in the hydrogen industry and to export it on a global basis. By 2030, Germany plans to install 30 Gigawatt of electrolyzers to produce green hydrogen from offshore and onshore alternative energy. Additionally, the German government is seeking to support the shift from fossil energy to hydrogen in all types of industrial processes.
- The automotive (supplier) industry will receive a bonus programme worth €2 billion in the years 2020 and 2021 to invest into R&D for new technology.
- Subsidies worth €1.2 billion for public and private operators of buses and commercial vehicles with alternative power units.

### **Strategic segments:**

Within the context outlined above, the following market segments continue to be identified by Proton Power as key target markets:

#### **Stationary**

This market includes applications for the supply of fuel cell based back-up power, e.g. in the areas of emergency or uninterruptible power supply, residential energy autonomy, grid stabilisation and energy storage and BEV supercharging. Specific applications include back up power supply for telecommunication towers, data centre installations, and replacing diesel generators.

## **Mobility**

Hydrogen Battery Hybrid zero emission vehicles. This market includes city buses, airport vehicles, trucks, off-road vehicles and fork lift trucks.

## **Maritime**

Building on our success with the tourist ship in Hamburg, we are receiving further orders within the maritime sector.

## **Rail**

Through the initial operation of the first fuel cell train by Alstom we see increasing interest from this sector.

## **Group activity**

Due to the successful product launch of the new fourth generation Stack Modules the group has been focusing on selling fuel cell systems with an installed fuel cell power of 30 kW up to 180 kW for mobile, stationary, maritime and rail applications. In addition, quotes for complete emergency power supply systems up to 25 kW electrical power output continue to be offered.

In addition, quotes for complete emergency power supply systems up to 25 kW electrical power output continue to be offered.

With these fourth-generation fuel cell stacks and systems the Group has set up strategic partnerships with electrical drive train manufacturers and industrial partners. The systems can be used in combination with a battery to a hybrid drive train for electric driven light duty vehicles, inner city buses or industrial power supply solutions. We also expect growing demand in the near future from truck manufacturers for municipality maintenance vehicles.

For our partner APEX Energy Teterow GmbH (APEX), the Group has designed a fuel cell package, integrated into a container, with an installed fuel cell power of 180 kW. The system will be used inside a hydrogen power plant. The hydrogen will be produced on-site via renewable energy. The fuel cell package from Proton Motor will convert the hydrogen into electrical energy and feed this into the AC grid. Additionally the heat generated will be used to heat a nearby production hall. The complete container was shipped on-site at the beginning of May 2020. The fuel cell package consists of five parallel fuel cell systems which are controlled by a master controller. A Stack Module 37.5 is integrated into each fuel cell system. Following this initial order, Proton Motor signed a framework agreement with APEX to deliver 10 more of these fuel cell systems in the next 2 years.

Proton Motor has commenced with the development of its next generation, fifth, Stack Module which is now ready for volume production, to be ready for the anticipated world-wide increase in demand for fuel cells. Therefore the automated fuel cell manufacturing line was installed in May 2019, with the objective of increasing manufacturing capacity up to 215 MW fuel cell power per year. With further investment the automated line capacity can be uplifted to 176 GW fuel cell power per year.

Furthermore the Group has designed a multi stack system for power demands beyond 100 kW for larger trucks, trains, ships and larger stationary applications. The first multi stack system, consisting of three Stack Modules 37.5, has been produced and is currently under testing. Two of these systems will be used inside a mobility related application and will be delivered at the beginning of 2021.

I personally thank all our customers who believe in us, our committed employees and our shareholders who have the vision to invest in our mission.

**Helmut Gierse**

*Non-Executive Chairman*

## Consolidated income statement

		Unaudited At 30 June 2020 £'000	Unaudited At 30 June 2019 £'000	Audited At 31 December 2019 £'000
Revenue		1,101	269	769
Cost of sales		(775)	(288)	(1,185)
Gross profit / (loss)		326	(19)	(416)
Other operating income		28	25	267
Administrative expenses		(3,185)	(2,938)	(7,001)
Operating loss		(2,831)	(2,750)	(7,150)
Finance income		2	1	3
Finance costs incl. exchange differences		(7,438)	(2,078)	(657)
(Loss) for the period before embedded derivatives		(10,267)	(4,827)	(7,804)
Fair value (loss) on embedded derivatives		(210,919)	(332,892)	(183,899)
(Loss) for the period attributable to shareholders		(221,186)	(337,719)	(191,703)
(Loss) / Profit per share (expressed as pence per share)				
Basic	7	(32.9)	(52.3)	(29.2)
Diluted	7	(32.9)	(52.3)	(29.2)
(Loss) / Profit per share (expressed as pence per share) <b>excluding embedded derivative</b>				
Basic	7	(1.5)	(0.8)	(1.2)
Diluted	7	(1.5)	(0.8)	(1.2)

## Consolidated statement of comprehensive income

		Unaudited At 30 June 2020 £'000	Unaudited At 30 June 2019 £'000	Audited At 31 December 2019 £'000
(Loss) / Profit for the period		(221,186)	(337,719)	(191,703)
Other comprehensive (expense) / income				
Items that may not be reclassified to profit and loss				
Exchange differences on translating foreign operations		(113)	(10)	2
Total other comprehensive income / (expense)		(113)	(10)	2
Total comprehensive (expense) for the year		(221,299)	(337,729)	(191,705)

**Consolidated balance sheet**

	<b>Unaudited At 30 June 2020 £'000</b>	Unaudited At 30 June 2019 £'000	<b>Audited At 31 December 2019 £'000</b>
Assets			
Non-current assets			
Intangible assets	29	55	31
Property, plant and equipment	1,451	1,274	1,406
Right-of-use assets	388	0	478
Fixed asset investments	11	7	11
	<b>1,879</b>	1,336	<b>1,926</b>
Current assets			
Inventories	2,580	2,096	2,408
Trade and other receivables	284	424	240
Cash and cash equivalents	337	930	1,028
	<b>3,201</b>	3,450	<b>3,676</b>
Total Assets	<b>5,080</b>	4,786	<b>5,602</b>
Current Liabilities			
Trade and other payables	1,859	2,407	3,049
Lease debt	106	0	188
Borrowings	865	143	837
	<b>2,830</b>	2,550	<b>4,074</b>
Non-current liabilities			
Borrowings	75,852	63,319	64,869
Lease debt	289	0	299
Embedded derivatives on convertible interest	433,250	371,324	222,331
	<b>509,391</b>	434,643	<b>287,499</b>
Total Liabilities	<b>512,221</b>	437,193	<b>291,573</b>
Net liabilities	<b>(507,141)</b>	(432,407)	<b>(285,971)</b>
Equity			
Capital and reserves attributable to equity shareholders			
Share capital	9,996	9,764	9,970
Share premium account	18,825	18,488	18,704
Merger reserve	15,656	15,656	15,656
Reverse acquisition reserve	(13,861)	(13,862)	(13,861)
Share option reserve	948	949	968
Foreign translation reserve	12,887	10,390	10,437
Capital contributions	1,233	1,217	1,151
Accumulated losses	(552,825)	(475,010)	(328,996)
Total equity	<b>(507,141)</b>	(432,407)	<b>(285,971)</b>

## Consolidated statement of changes in equity

	Share Capital	Share Premium	Merger Reserve	Reverse Acquisition Reserve	Share Based Payment Reserve	Translation Reserve	Capital Contribution Reserve	Retained Earnings	Total Equity
<b>Balance at 1 January 2019</b>	<b>9,728</b>	<b>18,382</b>	<b>15,656</b>	<b>(13,861)</b>	<b>1,262</b>	<b>9,891</b>	<b>1,226</b>	<b>(136,792)</b>	<b>(94,508)</b>
Share based payments credit	-	-	-	-	(314)	-	-	-	(314)
Proceeds from share issues	36	106	-	-	-	-	-	-	142
Currency translation differences	-	-	-	-	-	-	-	-	-
<b>Transactions with owners</b>	<b>36</b>	<b>106</b>	<b>-</b>	<b>-</b>	<b>(314)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(172)</b>
Loss for the period	-	-	-	-	-	-	-	(337,719)	(337,719)
<b>Other comprehensive income:</b>									
Currency translation differences	-	-	-	-	-	498	(9)	(499)	(10)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>499</b>	<b>(9)</b>	<b>(499)</b>	<b>(10)</b>
<b>Balance at 30 June 2019</b>	<b>9,764</b>	<b>18,488</b>	<b>15,656</b>	<b>(13,861)</b>	<b>948</b>	<b>10,389</b>	<b>1,217</b>	<b>(475,009)</b>	<b>(432,407)</b>
<b>Balance at 1 July 2019</b>	<b>9,764</b>	<b>18,488</b>	<b>15,656</b>	<b>(13,861)</b>	<b>948</b>	<b>10,389</b>	<b>1,217</b>	<b>(475,009)</b>	<b>(432,407)</b>
Share based payments credit	-	-	-	-	20	-	-	-	20
Proceeds from share issues	206	216	-	-	-	-	-	-	422
Currency translation differences	-	-	-	-	-	-	-	-	-
<b>Transactions with owners</b>	<b>206</b>	<b>216</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>442</b>
Profit for the period	-	-	-	-	-	-	-	146,014	<b>146,014</b>
<b>Other comprehensive income:</b>									
Currency translation	-	-	-	-	-	48	(66)	-	(19)



### **Share premium account**

Costs directly associated with the issue of the new shares have been set off against the premium generated on issue of new shares.

### **Merger reserve**

The merger reserve of £15,656,000 arose as a result of the acquisition of Proton Motor Fuel Cell GmbH during 2006. The merger reserve represents the difference between the nominal value of the share capital issued by the Company and their fair value at 31 October 2006, the date of the acquisition.

### **Reverse acquisition reserve**

The reverse acquisition reserve arose as a result of the method of accounting for the acquisition of Proton Motor Fuel Cell GmbH by the Company. In accordance with IFRS 3 the acquisition has been accounted for as a reverse acquisition.

### **Share option reserve**

The Group operates an equity settled share-based compensation scheme. The fair value of the employee services received for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference fair value of the options granted. At each balance sheet date the Company revises its estimate of the number of options that are expected to vest. The original expense and revisions of the original estimates are reflected in the income statement with a corresponding adjustment to equity. The share option reserve represents the balance of that equity.

## Consolidated statement of cash flows

	Unaudited At 30 June 2020 £'000	Unaudited At 30 June 2019 £'000	Audited At 31 December 2019 £'000
<b>Cash flows from operating activities</b>			
<b>(Loss) / Profit for the period</b>	<b>(221,186)</b>	<b>(337,719)</b>	<b>(191,703)</b>
<i>Adjustments for:</i>			
Depreciation and amortisation	275	154	462
Loss on disposal of property, plant and equipment	0	0	59
Impairment of investment	0	0	7
Interest income	(2)	(1)	(3)
Interest expense	2,509	2,171	4,500
Share based payments	(20)	(313)	(294)
Movement in inventories	(172)	(659)	(971)
Movement in trade and other receivables	(44)	(16)	168
Movement in trade and other payables	(1,190)	639	1,281
Movement in fair value of embedded derivatives	210,919	332,892	183,899
Exchange rate movements	4,929	(93)	(3,843)
<b>Net cash used in operations</b>	<b>(3,982)</b>	<b>(2,945)</b>	<b>(6,438)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	(8)	(5)	(4)
Purchase of property, plant and equipment	(120)	(265)	(579)
Investment in associate company	0	0	(11)
Interest received	2	1	3
<b>Net cash used in investing activities</b>	<b>(127)</b>	<b>(269)</b>	<b>(591)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of loan instruments	3,617	3,149	6,158
Proceeds from issue of new shares	147	142	564
New obligations of lease debt	0	0	594
Repayment of obligations under lease debt	(93)	0	(107)
Repayment of short term borrowings	0	(34)	-
<b>Net cash generated from financing activities</b>	<b>3,671</b>	<b>3,257</b>	<b>7,209</b>
<b>Net increase in cash and cash equivalents</b>	<b>(438)</b>	<b>43</b>	<b>180</b>
Effect of foreign exchange rates	(253)	46	7
Opening cash and cash equivalents	1,028	841	841
<b>Closing cash and cash equivalents</b>	<b>337</b>	<b>930</b>	<b>1,028</b>

## Notes to the interim report

### 1. Basis of preparation

These interim consolidated financial statements of Proton Power Systems plc were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to those companies under IFRS. They were also prepared under the historical cost convention and in accordance with IFRS interpretations (IFRICs) except for embedded derivatives which are carried at fair value through the income statement and on the basis that the Group continues to be a going concern. The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the 31 December 2019 statutory audited financial statements. No new accounting standards have been adopted by the group since preparing its last annual report.

The Group has chosen not to adopt IAS 34 (Interim Financial Statements) in preparing these financial statements therefore the interim financial information is not in full compliance with IFRS.

The financial information for the half year ended 30 June 2020 set out in this interim report is unaudited and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's audited statutory financial statements for the year ended 31 December 2019 have been filed with the Registrar of Companies. The independent auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

Until such time as the Group achieves operational cash inflows through becoming a volume producer of its products to a receptive market it will remain dependent on its ability to raise cash to fund its operations from existing and potential shareholders and the debt market.

In preparing the consolidated financial information, Proton Motor Fuel Cell GmbH has been deemed to be the acquirer and the Company, the legal parent, has been deemed to be the acquiree. Under IFRS 3 "Business Combinations", the acquisition of Proton Motor Fuel Cell GmbH by the Company has been accounted for as a reverse acquisition and the consolidated IFRS financial information of the Company is therefore a continuation of the financial information of Proton Motor Fuel Cell GmbH.

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least annually, or more frequently where circumstances suggest an impairment may have occurred. Any impairment is recognised immediately in income statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## **2. Critical accounting estimates and judgements**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

### **Recognition of development costs**

Self developed intangible assets are recognised where the Group can estimate that it is probable that future economic benefits will flow to the entity.

### **Impairment of goodwill**

The carrying value of goodwill must be assessed for impairment annually, or more frequently if there are indications that goodwill might be impaired. This requires an estimation of the value in use of the cash generating units to which goodwill is allocated. Value in use is dependent on estimations of future cash flows from the cash generating unit and the use of an appropriate discount rate to discount those cash flows to their present value.

### **Classification and fair value of financial instruments**

The Group uses judgement to determine the classification of certain financial instruments, in particular convertible loans advanced during the year. Judgement is applied to determine whether the instrument is a debt, equity or compound instrument and whether any embedded derivatives exist within the contracts.

Judgements have been made regarding whether the conversion feature meets the "fixed for fixed" test in each instrument. In the case of each instrument it is deemed it is not met on the basis that the loan is in Euros and shares are in Sterling.

The Group uses valuation techniques to measure the fair value of these financial instruments. In applying these valuation techniques, management use estimates and assumptions that are, as far as possible, consistent with observable market data. Where applicable market data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## **3. Segmental information**

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments for which discreet financial information is available and is regularly reviewed by the Chief Operating Decision Maker ("CODM").

Based on an analysis of risks and returns, the Directors consider that the Group has only one identifiable operating segment, green energy.

All non-current assets are located in Germany.

#### 4. Share based payments

The Group has incurred an expense in respect of share options and shares issued to directors as follows:

	<b>Unaudited At 30 June 2020 £'000</b>	Unaudited At 30 June 2019 £'000	<b>Audited At 31 December 2019 £'000</b>
Share options	20	(313)	261
Shares	26	27	27
	<b>(46)</b>	286	<b>288</b>

#### 5. Finance costs including exchange differences

	<b>Unaudited At 30 June 2020 £'000</b>	Unaudited At 30 June 2019 £'000	<b>Audited At 31 December 2019 £'000</b>
Interest	2,509	2,171	4,500
Exchange (gain) on shareholder loans	0	(93)	(3,843)
Exchange loss on shareholder loans	4,929	0	0
	<b>7,438</b>	2,078	<b>657</b>

#### 6. Taxation

Due to losses within the Group, no expenses for tax on income were required in either the current or prior periods.

#### 7. Profit / (Loss) per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares, share options; however these have not been included in the calculation of loss per share because they are anti-dilutive for these periods.

	Unaudited At 30 June 2020		Unaudited At 30 June 2019		Audited At 31 December 2019	
	£'000 Basic	£'000 Diluted	£'000 Basic	£'000 Diluted	£'000 Basic	£'000 Diluted
(Loss) / Profit attributable to equity holders of the company	(221,186)	(221,186)	(337,719)	(337,719)	(191,705)	(191,705)
Weighted average number of ordinary shares in issue (thousands)	671,451	671,451	646,001	646,001	656,118	656,118
Effect of dilutive potential ordinary shares from share options and convertible debt (thousands)	-	-	-	-	-	-
Adjusted weighted average number of ordinary shares	671,451	671,451	646,001	646,001	656,118	656,118
	Pence per share	Pence per share	Pence per share	Pence per share	Pence per share	Pence per share
(Loss) / Profit per share (pence per share)	(32.9)	(32.9)	(52.3)	(52.3)	(29.2)	(29.2)
(Loss) per share (pence per share) excluding embedded derivative	(1.55)	(1.55)	(0.8)	(0.8)	(1.2)	(1.2)

The adjustment to the weighted average number of shares used in the calculation of diluted loss per share reflects share options in issue where the exercise price exceeds the average market price of shares in the period.

No interim dividend has been proposed or paid in relation to the current or prior interim period.

A copy of the interim report is available from the Company's website at [www.protonpowersystems.com](http://www.protonpowersystems.com)