

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 2021

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 2021.

Highlights

- Order intake of £1.8m for a total order book at the period end of £7.3m to be delivered by 2023, including repeat orders from GKN, the international engineering and aerospace group
- Memorandum of understanding signed with Electra Commercial Vehicles, which was followed by an initial order after the period end
- Quotes currently with customers exceeding a value of €45m
- Sales of £922k in H1 2021 (H1 2020: £1.1m)
- Generating a positive gross margin
- Increased existing loan facilities with principal shareholders by approximately €12m

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About Proton Motor Fuel Cell GmbH

Proton Motor has more than 20 years of experience in power solutions using clean 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 applications, including mobile, marine and stationary 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 Cell 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 2021.

Overview:

Proton Motor has made further progress in the first half of this year in developing its strategic partnerships with some large customers and building its sales pipeline.

We have strengthened our organisation to continue to deliver complete zero emission power supply solutions with the addition of staff in production and product development.

Despite the COVID-19 backdrop, a further strengthening of industry and consumer demand for alternative sources of energy continues, supported by various governments' strategies towards the "hydrogen economy". Proton Motor's technological offering continues to mature and remains aligned with this growing demand and supports the continuing commercialisation of the group's products. The potential sales order and production pipeline is strong and expected to continue to grow.

Highlights and Financial Results H1 2021:

- Order intake of £1.8m (H1 2020: £5.9m, which included a single large order worth in excess of €5m) for a total order book at the period end of £7.3m (H1 2020: £6.4m) to be delivered by 2023.
- Gross profit of £97,000.
- After the period end, we received:
 - An initial order from Electra Commercial Vehicles ("Electra") for a HyRange system
 - A follow on order from E-Trucks Europe for seven HyRange 43 systems
 - Two further orders from GKN for a total of nine PM Module S8 fuel cell systems.
- 29% of order intake derived from the stationary segment, 46% from the mobility segment with most of the remainder relating to an order for engineering services coupled with the delivery of specified prototypes.
- Quotes currently with customers exceeding a value of €45m.
- Having implemented all recommended protective measures from the onset of the COVID-19 pandemic at its factory in Puchheim, there have only been 5 isolated cases of COVID-19 amongst the Company's 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 operational and our production capacity is unaffected.
- Sales in the first half of 2021 were £922k, compared to the first half 2020 sales of £1,101k. Order intake and sales income are also being derived from service and maintenance agreements for past and future sales.

Finance

Proton Motor received orders for £1.8m in the first half year including a number of repeat orders from customers. Repeat orders allow better planning of production material purchases on more favourable terms, which management expects will lead to an improvement in margins.

Sales in H1 2021 were £922k (H1 2020: £1.1m), arising from the 2020 order intake. £1.3m was invested in the development programme and our workforce increased by 12 to 99 full time employees. We added staff resources predominantly in the areas of production and product development.

We generated a Gross Profit of £97,000 in the period.

Excluding the impact of the embedded derivative and exchange losses, the operating loss in the first half of 2021 was £3.9m vs. £2.8m in the first half of 2020 which was in line with our budgeted expectations and resulted from further investments in product development, production and staff in addition to manufacturing infrastructure.

£197k was invested in equipment and infrastructure during the period (H1 2020: £132k).

The "Fair value gain" in our financial results 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. The main value driver of the embedded derivative calculation is the market price of the Company's ordinary shares. The movement on the embedded derivative for the first half of 2021 results in a substantial gain due to the change in the market price of the shares between 1 January 2021 and 30 June 2021. The non-operating result in the first half of 2021 was also positively affected by the movement of exchange rates between Pound Sterling and the Euro.

Cash burn from operating activities increased during the period to £4.4m vs. £4.0m in the first half of 2020 reflecting the increased level of activity to deliver our sales pipeline and from further investment. 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 2021 was £2.7m vs. £337k at 30 June 2020.

We were very pleased with the continued support of our principal shareholders with whom we agreed to increase the existing financing facilities by €11.9 million to ensure operational financing for the Company into 2022. The principal and interest on these additional facilities is not convertible and interest is charged at LIBOR+3%.

The fuel cell market

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

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

The various European Government programmes intended to support the hydrogen economy which we set out in our trading update of 4 March 2021 remain in place, and we also look forward to any indication of further support ahead of, or during, the COP26 Climate Change Conference later this year. We were very pleased to read the recently published UK Government's Hydrogen Strategy which envisions kick starting a world-leading hydrogen economy set to support over 9,000 UK jobs and unlock £4 billion investment by 2030.

Interestingly, we also note the recent legislative changes in the UK which will restrict the entitlement to use red diesel and rebated biodiesel from most sectors from April 2022. As a result, most users of red diesel in the UK will have to use fuel taxed at the standard rate for diesel from April 2022. This is likely to make alternative solutions, such as fuel cells, more competitive in many settings.

Group activity

I was particularly pleased that Proton Motor received repeat orders from some of our key customers including GKN, the international engineering and aerospace group, and from E-Trucks Europe, which produces hydrogen-electric hybrid heavy duty vehicles.

Repeat orders from these important customers are a validation of both our technology and our commercial proposition.

We are also pleased to see the recent announcement by our partner, Electra that their first unit comprising a Proton Motor HyRange 43 system will be on the road in December 2021. Recently, Electra has also been chosen as a sub-contractor to Sainsbury's and Element Energy for their trial of hydrogen-powered heavy goods vehicles in the Tees Valley area.

Following the successful product launch of the fourth generation stack modules we have been focusing on selling fuel cell systems with an electrical power output from 30 kW up to 150 kW for mobile, stationary, maritime and rail applications. In addition, quotes for complete power supply units are still being offered.

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

Proton Motor has been a member of the EU funded project REVIVE consortium since 2019. As part of this project, a fuel cell system for integration into a garbage truck has been designed. A PM400 Stack Module 144 is being integrated into a HyRange® fuel cell system. The integration into the truck is being carried out together with the vehicle manufacturer E-Trucks Europe ("E-Trucks"), based in Belgium. Several of these HyRange 43 fuel cell systems were produced and shipped to Belgium at the beginning of the project. In January 2020 and June 2021, E-Trucks placed further orders for these systems and for the trucks in which the systems will be installed as part of the REVIVE project.

As announced on 10 August 2020, Proton Motor is producing a containerised fuel cell hybrid system intended to power Shell New Energies' line of portable hydrogen refuelling units for buses and trucks. The system comprises three PM Frame S43 fuel cell systems in combination with a battery system installed inside a 20 feet container. The container is currently being commissioned and will be delivered in Q4.

We have now delivered and commissioned the 100kW fuel cell package, integrated into a container, for our partner APEX Energy Teterow GmbH (APEX). The system has been in operation since May 2021. Proton Motor is now working with APEX under the previously announced framework agreement which envisages 10 more of these fuel cell systems to be delivered in the next 3 years.

The system ordered by Linsinger, which was announced on 4 February 2020, has, after the period end, been delivered to the customer. This system consists of two multistack systems each including three PM400 Stack module 120. In total, the fuel cell system package has an installed fuel cell power of 213 kW and will be used to power a rail milling machine.

As previously announced, Proton Motor has continued the development of its fifth generation stack modules. These new generation stacks are ready for volume production through the automated fuel cell manufacturing line which was installed in May 2019.

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

STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited At 30 June 2021 £'000	Unaudited At 30 June 2020 £'000	Audited At 31 December 2020 £'000
Revenue		922	1,101	1,893
Cost of sales		(825)	(775)	(1,976)
Gross profit / (loss)		97	326	(83)
Other operating income		234	28	492
Administrative expenses		(4,232)	(3,185)	(7,537)
Operating loss		(3,901)	(2,831)	(7,128)
Finance income		1	2	3
Finance costs incl. exchange differences		2,735	(7,438)	(8,638)
(Loss) for the period before embedded derivatives		(1,165)	(10,267)	(15,763)
Fair value gain/(loss) on embedded derivatives		212,739	(210,919)	(386,870)
Gain/(Loss) for the period attributable to shareholders		211,574	(221,186)	(402,633)
Gain/(Loss) / Profit per share (expressed as pence per share)				
Basic	7	27.3	(32.9)	(57.0)
Diluted	7	13.2	(14.8)	(26.4)
(Loss) / Profit per share (expressed as pence per share) excluding embedded derivative				
Basic	7	(0.2)	(1.5)	(2.2)
Diluted	7	(0.1)	(0.7)	(1.0)

OTHER COMPREHENSIVE INCOME

	Unaudited At 30 June 2021 £'000	Unaudited At 30 June 2020 £'000	Audited At 31 December 2020 £'000
Gain/(Loss) / Profit for the period	211,574	(221,186)	(402,633)
Other comprehensive (expense) / income			
Items that may not be reclassified to profit and loss			
Exchange differences on translating foreign operations	185	(113)	(761)
Total other comprehensive income / (expense)	185	(113)	(761)
Total comprehensive (expense) for the year	211,759	(221,299)	(403,394)

STATEMENT OF FINANCIAL POSITION

	Unaudited At 30 June 2021 £'000	Unaudited At 30 June 2020 £'000	Audited At 31 December 2020 £'000
Assets			
Non-current assets			
Intangible assets	97	29	64
Property, plant and equipment	1,434	1,451	1,484
Right-of-use assets	210	388	285
Fixed asset investments	11	11	11
Total non-current assets	1,752	1,879	1,844
Current assets			
Inventories	2,842	2,580	1,790
Trade and other receivables	699	284	348
Cash and cash equivalents	2,702	337	2,739
Total current assets	6,243	3,201	4,877
Total Assets	7,995	5,080	6,721
Current Liabilities			
Trade and other payables	(5,019)	(1,859)	(4,389)
Lease debt	(206)	(106)	(196)
Borrowings	(615)	(865)	(814)
Total current liabilities	(5,840)	(2,830)	(5,399)
Non-current liabilities			
Borrowings	(80,023)	(75,852)	(79,238)
Lease debt	(15)	(289)	(104)
Embedded derivatives on convertible	(396,462)	(433,250)	(609,201)

interest			
Total non-current liabilities	(476,500)	(509,391)	(688,543)
Total Liabilities	(482,340)	(512,221)	(693,942)
Net liabilities	(474,345)	(507,141)	(687,221)
Equity			
Capital and reserves attributable to equity shareholders			
Share capital	11,022	9,996	10,598
Share premium account	20,254	18,825	19,574
Merger reserve	15,656	15,656	15,656
Reverse acquisition reserve	(13,861)	(13,861)	(13,861)
Share option reserve	961	948	949
Foreign translation reserve	9,448	12,887	11,038
Capital contributions	1,215	1,233	1,215
Accumulated losses	(519,040)	(552,825)	(732,390)
Total equity	(474,345)	(507,141)	(687,221)

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Merger Reserve	Reverse Acquisition Reserve	Share Option Reserve	Foreign Translation Reserve	Capital Contribution Reserves	Accumulated Losses	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	9,970	18,704	15,656	(13,861)	968	10,437	1,151	(328,996)	(285,971)
Share based payments	-	-	-	-	(20)	-	-	-	(20)
Proceeds from share issues	26	121	-	-	-	-	-	-	147
Currency translation differences	-	-	-	-	-	-	-	-	-
Transactions with owners	26	121	-	-	(20)	-	-	-	127
Loss for the year	-	-	-	-	-	-	-	(221,185)	(221,185)
Other comprehensive income:									
Currency translation differences	-	-	-	-	-	2,450	82	(2,644)	(112)
Total comprehensive income for the year	-	-	-	-	-	2,450	82	(223,829)	(221,297)
Balance at 30 June 2020	9,996	18,825	15,656	(13,861)	948	12,887	1,233	(552,825)	(507,141)
Balance at 1 July 2020	9,996	18,825	15,656	(13,861)	948	12,887	1,233	(552,825)	(507,141)
Share based payments	-	-	-	-	1	-	-	-	1
Proceeds from share issues	602	749	-	-	-	-	-	-	1,351
Currency translation differences	-	-	-	-	-	-	-	-	-
Transactions with owners	602	749	-	-	1	-	-	-	1,352
Loss for the year	-	-	-	-	-	-	-	(181,448)	(181,448)
Other comprehensive income:									
Currency translation differences	-	-	-	-	-	(1,849)	(18)	1,883	16
Total comprehensive income for the year	-	-	-	-	-	(1,849)	(18)	(179,565)	(181,432)
Balance at 31 December 2020	10,598	19,574	15,656	(13,861)	949	11,038	1,215	(732,390)	(687,221)
Balance at 1 January 2021	10,598	19,574	15,656	(13,861)	949	11,038	1,215	(732,390)	(687,221)
Share based payments	-	-	-	-	12	-	-	-	12
Proceeds from share issues	424	680	-	-	-	-	-	-	1,104
Currency translation differences	-	-	-	-	-	-	-	-	-
Transactions with owners	424	680	-	-	12	-	-	-	1,116
Loss for the year	-	-	-	-	-	-	-	211,574	211,574
Other comprehensive income:									
Currency translation differences	-	-	-	-	-	(1,590)	-	1,776	186
Total comprehensive income for the year	-	-	-	-	-	(1,590)	-	213,350	211,760

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.

CASH FLOW STATEMENT

	Unaudited At 30 June 2021 £'000	Unaudited At 30 June 2020 £'000	Audited At 31 December 2020 £'000
Cash flows from operating activities			
Profit / (Loss) for the period	211,574	(221,186)	(402,633)
<i>Adjustments for:</i>			
Depreciation and amortisation	201	275	574
Loss on disposal of property, plant and equipment	-	-	-
Impairment of investment	-	-	-
Interest income	(1)	(2)	(3)
Interest expense	721	2,509	5,192
Share based payments	(12)	(20)	(19)
Movement in inventories	(1,052)	(172)	618
Movement in trade and other receivables	(351)	(44)	(108)
Movement in trade and other payables	630	(1,190)	1,340
Movement in fair value of embedded derivatives	(212,739)	210,919	386,870
Exchange rate movements	(3,456)	4,929	3,446
Net cash used in operations	(4,485)	(3,982)	(4,723)
Cash flows from investing activities			
Purchase of intangible assets	(45)	(8)	(56)
Purchase of property, plant and equipment	(152)	(120)	(373)
Purchase value of leased assets	(21)	-	-
Investment in associate company	-	-	-
Interest received	2	2	3
Net cash used in investing activities	(216)	(127)	(426)
Cash flows from financing activities			
Proceeds from issue of loan instruments	4,423	3,617	5,776
Proceeds from issue of new shares	30	147	1,498
New obligations of lease debt	21	-	-
Repayment of obligations under lease debt	(106)	(93)	(187)
Repayment of short term borrowings	(175)	-	(69)
Net cash generated from financing activities	4,193	3,671	7,018
Net increase in cash and cash equivalents	(508)	(438)	1,869

Effect of foreign exchange rates	471	(253)	(158)
Opening cash and cash equivalents	2,739	1,028	1,028
Closing cash and cash equivalents	2,702	337	2,739

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 2020 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 2021 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 2020 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:

	Unaudited At 30 June 2021 £'000	Unaudited At 30 June 2020 £'000	Audited At 31 December 2020 £'000
Share options	10	20	(19)
Shares	65	26	188
	<u>75</u>	<u>46</u>	<u>169</u>

5. Finance costs including exchange differences

	Unaudited At 30 June 2021 £'000	Unaudited At 30 June 2020 £'000	Audited At 31 December 2020 £'000
Interest	721	2,509	5,192
Exchange (gain) on shareholder loans	(3,456)	-	-
Exchange loss on shareholder loans	-	4,929	3,446
	<u>(2,735)</u>	<u>7,438</u>	<u>8,638</u>
Net finance cost (gain)/loss			

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

	Unaudited At 30 June 2021 £'000		Unaudited At 30 June 2020 £'000		Audited At 31 December 2020 £'000	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
(Loss) before embedded derivative	(1,165)	(1,165)	(10,267)	(10,267)	(15,763)	(15,763)
Fair value gain/(loss) Embedded derivative	212,739	212,739	(210,919)	(210,919)	(386,870)	(386,870)
Profit / (Loss) attributable to equity holders of the company	<u>211,574</u>	<u>211,574</u>	(221,186)	(221,186)	<u>(402,633)</u>	<u>(402,633)</u>
Weighted average number of ordinary shares (thousands)	<u>774,285</u>	<u>1,597,816</u>	671,451	1,495,601	<u>706,344</u>	<u>1,523,093</u>
	Pence per share	Pence per share	Pence per share	Pence per share	Pence per share	Pence per share
Profit / (Loss) per share (pence per share)	27.3	13.2	(32.9)	(14.8)	(57.0)	(26.4)

Profit / (Loss) per share (pence per share) excluding embedded derivative	(0.2)	(0.1)	(1.5)	(0.7)	(2.2)	(1.0)
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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 two categories of dilutive potential ordinary shares, these being share options and shares on eligible interest conversion; of which the share options have not been included in the calculation of loss per share because they are anti-dilutive for these periods. No interim dividend has been proposed or paid in relation to the current or prior interim period.

Further to expirations of share options granted to three executive directors, the Remuneration Committee is considering alternatives in order to continue to incentivise the management team including a possible extension of the terms of these existing options for a further three years. A further announcement will be made once the Remuneration Committee has finalised the new incentive plan.

A copy of the interim report and the information required by AIM Rule 26 is available from the Company's website at www.protonmotor-powersystems.com

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