CWR.L

24 March 2023

Ceres Power Holdings plc

Final results for the year ended 31 December 2022

2022 investments lay strong foundations for future growth

Horsham, UK: Ceres Power Holdings plc ("Ceres", the "Company") (AIM: CWR.L), a global leader in fuel cell and electrochemical technology, announces its results for the year ended 31 December 2022.

Financial highlights

- Revenue of £22.1 million (2021: £30.8 million) in line with previous guidance
- Gross profit of £13.1 million (2021: £19.0 million), maintaining sector-leading gross margin at 59% (2021: 62%)
- Investment in the future[1] increased by 67% to £58.4 million (2021: £34.9 million), in line with strategy to expand into electrolysis for green hydrogen and deliver the next generation of fuel cell technology
- Strong cash and short-term investments position of £182.3 million (2021: £249.6 million)

Strategic highlights

- First 100kW solid oxide electrolyser ("SOEC") module is on test ahead of scaling into a 1MW demonstrator. Initial results are positive and give confidence that this technology can deliver green hydrogen at <40kWh/kg, around 25% more efficiently than incumbent lower temperature technologies
- SOEC technology evaluation programme progressing well with Shell for deployment later this year in India
- Ceres' fuel cell and electrolysis test facility, developed with Horiba Mira at its site in the UK, is now open and supporting technology and system development
- Continued expansion of Ceres' highly skilled workforce to 570 employees (2021: 489) with significant investment in commercial resource in global locations with strong momentum and policy support for hydrogen and fuel cells

Current trading and outlook

- Agreements signed for a collaboration on electrolysis with Bosch and Linde Engineering to validate Ceres' technology, as a highly efficient pathway to low-cost green hydrogen. Builds on Bosch's expertise in solid oxide fuel cells ("SOFC") and Linde Engineering's capabilities in industrial process engineering
- Weichai's SOFC power system using Ceres' technology has passed the EU CE certification of the international authoritative testing organisation, TÜV SÜD. Weichai estimates that when its products reach 1GW of distributed power deployed, it has the potential to reduce carbon emissions by around 2 million tonnes per year compared with grid electricity
- The structure of the China joint ventures has been agreed. We now await the final agreement between Bosch and Weichai
- We continue to work towards a move up to the Premium Listing on the Main Market of the London Stock Exchange

Phil Caldwell, Chief Executive Officer of Ceres, said:

"It has been another productive year at Ceres with our first electrolyser modules on test, an exciting new partnership with Shell, and a collaboration with Linde Engineering and Bosch for green hydrogen. We are making good progress on power systems with existing partners Bosch and Doosan to scale production.

"Investment in our business has ensured we are well-positioned to deliver on our strategy; to support our partners to install manufacturing capacity at the scale and pace needed to decarbonise our energy systems and enable a net zero future."

1. Investment in the future comprises R&D costs, capitalised development and capital expenditure.

Financial Summary	**2022**	2021
	£'000	£'000
Total revenue, comprising:	**22,130**	30,776
Licence fees	**7,711**	16,646
Engineering services revenue	**9,039**	6,777
Provision of technology hardware	**5,380**	7,353
Gross margin %[1]	**59%**	62%
Adjusted EBITDA loss[2] – Power SOFC[3]	**(21,557)**	(4,492)
Adjusted EBITDA loss[2] – Hydrogen SOEC[3]	**(21,673)**	(12,183)
Adjusted EBITDA loss[2] – total Group	**(43,230)**	(16,675)
Operating loss	**(51,522)**	(23,430)
Net cash used in operating activities	**(51,522)**	(20,342)
Net cash and investments	**182,320**	249,584

1. 2021 gross margin restated (previously 66%) to reflect the classification of the RDEC tax credit within other operating income rather than offsetting cost of sales.
2. Adjusted EBITDA loss is an Alternative Performance Measure, as defined and reconciled to operating loss in the non-GAAP section at the end of this report.
3. Adjusted EBITDA by segment is reconciled to operating loss in Note 3.

Analyst presentation

Ceres Power Holdings plc will be hosting a live webcast for analysts and investors on 24 March 2023 at 09.30 GMT. To register your interest in participating, please go to: https://www.investormeetcompany.com/ceres-power-holdings-plc/register-investor.

For further information visit www.ceres.tech or contact:

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About Ceres Power

Ceres is a world-leading developer of electrochemical technologies: fuel cells for power generation, electrolysis for the creation of green hydrogen and energy storage. Its asset-light, licensing model has seen it establish partnerships with some of the world's largest engineering and technology companies, such as Weichai in China, Bosch in Germany, Miura in Japan, and Doosan in Korea, to develop systems and products that address climate change for power generation, transportation, industry, data centres and everyday living. Ceres is listed on the AIM market of the London Stock Exchange ("LSE") (AIM: CWR) and is classified by the LSE Green Economy Mark, which recognises listed companies that derive more than 50% of their activity from the green economy.

Chief Executive's Statement

It has been another productive year at Ceres with our first electrolyser modules on test, an exciting new partnership with Shell, and a collaboration with Linde Engineering and Bosch for green hydrogen. We are making good progress on SOFC, with existing partners Bosch and Doosan scaling production, and steps towards establishing our China JV. We have also opened a new test centre with Horiba MIRA in the UK, achieved record cell production at our pilot facility and grown the Ceres team to 570 colleagues.

These are just some highlights of another year of considerable progress, despite the challenging macroeconomic backdrop. Through it all, we remain wholeheartedly committed to the biggest challenge, to address the urgency for climate action. The world is not on track to keep global warming at 1.5°C above pre-industrial levels and we are already starting to see the devastating effects of climate change around us, from cyclones and floods to droughts and heatwaves.

We need to decarbonise our energy system, but we also need to provide energy security, stable power prices and sustainable employment. There are not many companies that have the opportunity to do something truly impactful on a global scale – but I believe that Ceres is one such company. Not only does it have unique clean energy technology that can play an important role in hard-to-decarbonise parts of our energy system, but we sit at the tipping point for our planet, which means the time to act is now.

It is no longer a question of credibility of technology, but credibility of scale

At our reference manufacturing plant in the UK, we are now producing 2MW of capacity, and by the middle of this decade we will have added 100 times that capacity with Bosch and at least another 50MW with Doosan. By the time our partners start planned series production, they will have invested more than €500 million in scaling our solid oxide fuel cell ("SOFC") technology.

That same technology run in one direction is a highly efficient fuel cell for power generation, run in reverse enables low-cost green hydrogen that provides a vital route to industrial decarbonisation of sectors such as steel, fertilisers and future fuels. We have committed £100 million to the development of its application in solid oxide electrolysis ("SOEC") and the first 100kW electrolyser module is on test ahead of scaling into a 1MW demonstrator. Initial results are positive and give confidence that this technology can deliver green hydrogen at <40kWh/kg, around 25% more efficiently than incumbent lower temperature technologies.

In March 2023, we signed a new agreement with Bosch and Linde Engineering, to assess Ceres' technology for use in large scale industrial applications as a pathway to low-cost green hydrogen. This is our second partnership announcement, following the agreement with Shell to establish a 1MW technology pilot of Ceres' SOEC system at its R&D centre in Bangalore, India. The agreement builds on Bosch's existing expertise in our SOFC technology and combines with Linde Engineering's world-leading capabilities in hydrogen process technology and a global customer footprint in industrial facilities. Our target is to enable the ecosystem of SOEC partners that can make Ceres' technology even more competitive and prepare it for mass adoption at scale.

By the end of this decade, we aim to have multiple factories in place producing multi gigawatts of fuel cell equivalent capacity globally. It is just the start. This is a global challenge and if we want to have a real impact on climate change, technology alone is not enough, we must work with partners to scale globally and at pace.

Collaboration is key

The war in Ukraine has added energy security to the urgency for climate action and in Europe we saw RePower EU's ambitious plans and strong financial incentives to move away from the reliance on gas and support the deployment of green hydrogen. In the US, the Inflation Reduction Act, signed into law last summer saw a record $369 billion earmarked for energy and climate change policy – in a year when disasters from drought in the West to hurricanes in the East and a nationwide winter storm served as a stark reminder of climate perils. There is simply no turning back to the world of cheap fossil-based energy.

Hydrogen is now widely recognised by most companies and governments as key to enabling the energy transition, at the very least for hard-to-decarbonise industrial sectors that account for around a third of our energy system and more than its share of global emissions. Our partners, Bosch, Doosan, Shell, Weichai and others are among the most progressive companies, seeking and adopting new clean energy technologies at scale and pace, and the good news is that global competition can accelerate us towards achieving net zero. Where previously we spoke about an energy trilemma – where clean, low cost and security of supply were in tension – they now align, and clean energy will be the most secure and affordable into the future.

In 2022, we celebrated our 21st birthday, bringing the entire team together for the first time since before the pandemic. It provided an important pause from the day-to-day challenges to reflect on the past, present and future opportunities for the business and with nearly 500 people in one venue, it was a very visual reminder that we are collaborating with teams of a similar size across our partner organisations at Bosch, Doosan and Weichai. These first steps towards deployment are vital, but they are not enough. We also seek to grow new partnerships across the globe to enable greater adoption through many more teams of people collaborating on Ceres' technology.

Strongest team in the global industry

Our partners come to us because of our technology, but they stay with us because of our people. They are passionate and brilliant and above all resilient, and they need to be because the science and the engineering challenges they are solving every day are hard. We are also working constantly to attract and retain the best people, ensuring they have training and development opportunities, benefits and access to share in the success of the Company. Many of our employees are also shareholders in Ceres – through Long Term Incentive Plans or through our employee save-as-you-earn scheme.

It is an exciting time to be at Ceres. We have a strong purpose, a talented team, and the opportunity to work alongside some of the most progressive companies globally, driving investment and scaling clean technologies. Success is in our hands, but we are not complacent, and we continue to focus on executing our strategy:

- To enable our licence partners to succeed
  Our partners are investing significant time and resources into manufacturing Ceres' solid oxide technology, and we have expanded our engineering and specialist teams to ensure these early adopters are supported and successful in deploying new technology into new market opportunities.
- To build commercial scale
  We create commercial scale by generating more demand through increasing commercial partnerships and licences, growing applications and addressing new markets. This year we have increased the Commercial teams' presence in several global locations, reflecting the momentum in policy support for hydrogen and fuel cell technologies.
- Maintain our technology leadership
  As a licensing company it is imperative that we stay at the leading edge of our technology – and that is why we continue to innovate, from the next generation of our solid oxide technology, continued innovation of our IP for both fuel cell and electrolyser systems, to digitalisation programmes and what further technologies we may need to hit a net zero future.

Sustainability

The IEA estimates that to fulfil 2050 green hydrogen demand, the world is going to need 3,585GW of electrolyser capacity, so it is little wonder that the conversation is growing around the economic and life cycle impact of raw materials in the electrolysis supply chain. High demand, long processing times, limited supply and an undiversified supply chain have already called into question the price and availability of metals and rare earths to support the viability of large-scale electrolysis.

Ceres' electrolysis stack does not need to use precious metals. Its construction comprises over 95% automotive grade steel by weight, the most widely recycled material globally, and ceria-based materials within the active elements of the fuel cell, which is abundant, cost-effective and has multiple sources from multiple countries. We understand that scaling technology comes with an environmental footprint, and we have undertaken a life cycle assessment of our stack technology where we quantify the potential climate impact of producing our cells, which you can find on the Sustainability section of our website.

We recognise the importance of looking beyond carbon impact to consider the circular economy for raw materials. As a next step we will undertake a full evaluation of the end-of-life recyclability or reuse of our technology, cradle-to-grave, and will seek to lead the industry for our technology, embedding sustainability considerations into the very heart of our development and the transfer of IP under licence to our partners.

Strategy and outlook

In March 2021, we set out a clear strategy on which we continue to execute. Investment across the business enables us to build a sustainable competitive advantage in highly differentiated solid oxide technology. We collaborate with world-leading partners, and we have built one of the strongest teams in the global industry for fuel cells and green hydrogen. All of this gives me confidence that we will deliver on our ambition to develop and deploy clean energy technology at the scale and pace needed to decarbonise our energy systems, and in doing so make a tangible difference for ourselves, our families and friends, and generations to come.

Phil Caldwell
Chief Executive Officer

Financial review

The Group reported revenue of £22.1 million in 2022, compared with £30.8 million in the prior year. Almost all of the Group's revenue in 2022 related to the fuel cell business. As reported in November 2022, the signing of the China JV contracts has been delayed to 2023 impacting the timing of the associated licence fee revenue recognition. Gross margins reduced to 59% (2021: 62%), reflecting the reduction in high-margin licence fee income recognised in the year compared with 2021. As noted in our Interim Results, the phasing of revenue in 2022 and early 2023 is highly sensitive to the timing of signing new licence agreements.

Other income of £1.3 million (2021: £2.2 million) relates to grant income, and now includes our RDEC tax credit as well as grant funding towards projects.

The order book (contracted revenue bookings) reduced to £67.8 million as at 31 December 2022 from £78.7 million at 31 December 2021; with new order bookings more than offset by the recognition of revenue primarily on existing contracts with our partners Doosan and Bosch during the year. Going forwards, the order book will continue to vary based on the timing of contracts won, and revenue recognised from them.

Ceres Power – fuel cells

The SOFC part of the business recorded revenues of £22.0 million (2021: £30.8 million) and a gross profit of £12.9 million (2021: £19.0 million), with the reduction compared with the prior year reflecting the deferral of the China JV and the expected recognition of associated upfront licence fee revenue. The segment's Adjusted EBITDA loss increased to £21.6 million (2021: £4.5 million). Investment in research and development ("R&D") for SOFC increased by 48% to £29.1 million (2021: £19.7 million).

There will be continued investment in SOFC in 2023 to support future expansion, and so the level of losses or future profitability of this part of the business will continue to be highly influenced by the level of SOFC licence fee revenue recognised in a given period, until royalty revenue streams become material. Another notable investment is the development of our second generation of fuel cell technology, which will offer improvements in power density, durability and cost.

Ceres Hydrogen – electrolysis

We plan to invest £100 million in the development of our SOEC technology and we are now two years along this journey and making good progress. Our SOEC business recognised revenue for the first time in 2022, of £0.2 million (2021: £nil), from a contract with a potential new partner in Asia to evaluate the Group's SOEC technology. The SOEC business recorded an Adjusted EBITDA loss of £21.7 million (2021: £12.2 million). This was primarily driven by a 66% increase in R&D activities to £19.2 million (2021: £11.6 million), particularly around the investment in our "first of a kind" 1MW demonstration unit for use in the contract with Shell. We made good progress in the year with the first Electrolysis Cell Module ("ECM"), which forms part of the demonstrator, now on test with encouraging early results with respect to green hydrogen production efficiency.

Focused investment for the future

Throughout 2022, we continued to invest in both capabilities and people to support our partners, deliver our technology roadmap and drive future growth. Our employee base includes specialist expertise such as highly skilled engineers; electrochemistry and materials scientists; and test and stack technicians and remains our most valuable strategic resource. Total employees increased to 570 by the end of 2022 compared to 489 at the end of the prior year. Overall R&D costs increased by 54% to £48.3 million compared to 2021 of £31.3 million as planned with our expansion of both our SOFC business and development of our SOEC business.

Capitalised development in the year, which currently only relates to ongoing SOFC development, increased to £5.8 million compared to £4.6 million for 2021 and we hold net £13.3 million capitalised to date. Amortisation of this to the income statement was consistent with the prior year, as expected, at £1.0 million (2021: £1.0 million). Our investment in property, plant and machinery increased to £13.3 million (2021: £7.4 million), and was principally on manufacturing improvement, automation and capacity expansion, as well as expanding our test infrastructure. This continued investment also resulted in increased depreciation of £5.5 million in 2022 compared to 2021 of £4.2 million.

Going forward, we plan to continue to grow our test capability to support the expected growth of our partners, and also enable additional market opportunities including new SOFC applications such as marine and alternative fuels, and SOEC development. We also intend to expand our manufacturing capacity for prototypes and demonstrators for both SOFC and SOEC products. Consequently, we expect our capital expenditure to continue to be at higher levels in 2023.

Overall, this “investment in the future” (R&D costs, capitalised development and capital expenditure) increased 67% to £58.4 million (2021: £34.9 million). The £58.4 million comprises £40.2 million in R&D (excluding depreciation, amortisation and share-based payments), £12.4 million in capital expenditure and £5.8 million in capitalised development.

As a result of these planned investments, consistent with the 2021 capital raise and strategy to develop our electrolysis technology, the Group reported an increased operating loss of £51.5 million in 2022, up from a loss of £23.4 million in 2021.

In December 2022, Ceres concluded a deferral of the option agreement to acquire the remaining shares of RFC Power Ltd ("RFC"), which is a “Long Duration Energy Storage” R&D business with proprietary manganese flow battery technology. This option is now exercisable in the period 1 January 2024 to 30 April 2024, having previously been exercisable between May 2022 and November 2022. Simultaneously, Ceres invested a total of £2.0 million in RFC, comprising £1.0 million funding capital as well as entering into a joint development agreement to advance the progress of this promising technology. Consequently, Ceres’ holding of RFC increased to 24.2% from 8.4%, and our investment in associates increased to £2.5 million (2021: £0.5 million).

Strong financial position: the foundation for continued development and growth

The Group ended the year with a strong liquidity position of £182.3 million in cash and short-term investments (31 December 2021: £249.6 million) reflecting the investment in the business as described above. Finance income increased to £2.8 million (2021: £0.4 million) reflecting the improved rates applied to the Group's floating rate deposits and higher rates available when rolling over maturing fixed rate deposits.

Equity free cash outflow (defined and reconciled to net cash from operating activities in the non-GAAP section at the end of this report) was £68.4 million (2021: £32.0 million), being driven by net cash used in operating activities of £51.5 million (2021: £20.3 million), capital expenditure of £12.4 million (2021: £7.4 million) and capitalised development of £5.8 million (2021: £4.6 million), with the balance from interest receipts and exchange rate movements.

Other significant movements in the balance sheet included inventories increasing to £5.7 million (31 December 2021: £3.1 million) reflecting increased activity at our manufacturing facility to meet anticipated demand for our fuel cells and component parts to support our partners' development and scale-up activities. We recognised net contract liabilities of £3.1 million which is a change in position against 31 December 2021, when we had net contract assets of £3.0 million, with the movement reflecting timing differences between recognising revenue and issuing invoices to customers. Trade receivables increased to £11.8 million (2021: £2.6 million) primarily reflecting a number of significant invoices raised in the last quarter of 2022 with two major customers. Of the £11.8 million due at 31 December 2022, c.£10 million was received in the first two months of 2023.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	2022 £'000	2021 Restated[1] £'000
Revenue	2	**22,130**	30,776
Cost of sales		**(9,079)**	(11,731)
Gross profit		**13,051**	19,045
Other operating income[2]		**1,332**	2,228
Operating costs	4	**(65,905)**	(44,703)
Operating loss		**(51,522)**	(23,430)
Finance income	5	**2,830**	438
Finance expense	5	**(304)**	(380)
Loss before taxation		**(48,996)**	(23,372)
Taxation credit	6	**3,872**	2,280
Loss for the financial period and total comprehensive loss		**(45,124)**	(21,092)
Loss per £0.10 ordinary share expressed in pence per share:			
Basic and diluted loss per share	7	**(23.58)p**	(11.36)p

The accompanying notes are an integral part of these consolidated financial statements.

[1] The 2021 taxation credit has been restated to increase the credit by £310,000 following the adjustment of prior year R&D tax credit claims and a related tax provision reported in 2021. The 2021 results have further been re-presented to reflect the re-classification of the Group's RDEC tax credit of £1,304,000. This was previously disclosed within cost of sales but is now presented within other operating income to align to the change in presentation applied to the Group's 2022 results. See Note 1 for details.

[2] Other operating income comprises grant income and the Group's RDEC tax credit.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	31 Dec 2022 £'000	31 Dec 2021 Restated[1] £'000	31 Dec 2020 Restated[1] £'000
Assets				
Non-current assets				
Property, plant and equipment	8	**25,964**	18,141	14,979
Right-of-use assets	9	**2,647**	2,438	3,971
Intangible assets	10	**13,278**	8,478	4,909
Long-term investments	14	–	5,000	8,000
Investment in associate		**2,460**	500	–
Other receivables	12	**741**	741	741
Total non-current assets		**45,090**	35,298	32,600
Current assets				
Inventories	11	**5,714**	3,145	2,107
Contract assets	2	**3,309**	7,331	864
Other current assets	13	**957**	1,133	1,002
Derivative financial instruments	17	**54**	1,073	59
Current tax receivable		**7,396**	1,615	1,208
Trade and other receivables	12	**17,153**	5,813	6,208
Short-term investments	14	**119,011**	93,129	69,231
Cash and cash equivalents	14	**63,309**	151,455	32,955
Total current assets		**216,903**	264,694	113,634
Liabilities				
Current liabilities				
Trade and other payables	15	**(4,933)**	(2,783)	(9,112)
Contract liabilities	2	**(6,387)**	(4,290)	(7,505)
Other current liabilities	16	**(7,286)**	(5,818)	(2,675)
Derivative financial instruments		–	–	(43)
Lease liabilities	18	**(610)**	(754)	(823)
Provisions	19	**(929)**	(1,579)	(612)
Total current liabilities		**(20,145)**	(15,224)	(20,770)
Net current assets		**196,758**	249,470	92,864
Non-current liabilities				
Lease liabilities	18	**(2,514)**	(2,285)	(3,622)
Provisions	19	**(1,933)**	(1,828)	(1,610)
Total non-current liabilities		**(4,447)**	(4,113)	(5,232)
Net assets		**237,401**	280,655	120,232
Equity attributable to the owners of the parent				
Share capital	20	**19,209**	19,073	17,217
Share premium		**405,463**	404,726	227,682
Capital redemption reserve		**3,449**	3,449	3,449
Merger reserve		**7,463**	7,463	7,463
Accumulated losses		**(198,183)**	(154,056)	(135,579)
Total equity		**237,401**	280,655	120,232

[1] 2020 and 2021 trade and other receivables and current tax receivable have been restated to reflect an adjustment to prior year R&D tax claims as set out in Note 1.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Loss before taxation		**(48,996)**	(23,372)
Adjustments for:			
Finance income		**(2,830)**	(438)
Finance expense		**304**	380
Depreciation of property, plant and equipment		**5,486**	4,215
Depreciation of right-of-use assets		**620**	541
Amortisation of intangible assets		**1,032**	1,004
Net foreign exchange gains		**(690)**	(563)
Net change in fair value of financial instruments		**1,020**	(1,057)
Share-based payments charge		**997**	2,615
Operating cash flows before movements in working capital		**(43,057)**	(16,675)
(Increase)/decrease in trade and other receivables		**(12,693)**	22
Increase in inventories		**(2,569)**	(1,038)
Increase in trade and other payables		**2,655**	2,832
Decrease/(increase) in contract assets		**4,022**	(6,467)
Increase/(decrease) in contract liabilities		**1,137**	(3,215)
(Decrease)/increase in provisions		**(637)**	1,121
Net cash used in operations		**(51,142)**	(23,420)
Taxation (paid)/received		**(380)**	3,078
Net cash used in operating activities		**(51,522)**	(20,342)
Investing activities			
Investment in associate		**(1,000)**	–
Purchase of property, plant and equipment		**(12,347)**	(7,377)
Capitalised development expenditure		**(5,832)**	(4,573)
Repayment of long-term investments		**5,000**	3,000
Acquisition of short-term investments		**(99,618)**	(62,898)
Repayment of short-term investments		**74,950**	39,000
Finance income received		**1,443**	438
Net cash used in investing activities		**(37,404)**	(32,410)
Financing activities			
Proceeds from issuance of ordinary shares		**873**	181,472
Net expenses from issuance of ordinary shares		–	(2,572)
Cash paid on behalf of employees on the sale of share options		–	(7,490)
Repayment of lease liabilities		**(744)**	(405)
Interest paid		**(212)**	(316)
Net cash (used by)/generated from financing activities		**(83)**	170,689
Net (decrease)/increase in cash and cash equivalents		**(89,009)**	117,937
Exchange gains on cash and cash equivalents		**863**	563
Cash and cash equivalents at beginning of year		**151,455**	32,955
Cash and cash equivalents at end of year	14	**63,309**	151,455

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total £'000
At 1 January 2021 - Restated[1]	17,217	227,682	3,449	7,463	(135,579)	120,232
Comprehensive income						
Loss for the financial year[1]	–	–	–	–	(21,092)	(21,092)
Total comprehensive loss					(21,092)	(21,092)
Transactions with owners						
Issue of shares, net of costs	1,856	177,044	–	–	–	178,900
Share-based payments charge	–	–	–	–	2,615	2,615
Total transactions with owners	1,856	177,044	–	–	2,615	181,515
At 31 December 2021 - Restated[1]	19,073	404,726	3,449	7,463	(154,056)	280,655
Comprehensive income						
Loss for the financial year	–	–	–	–	**(45,124)**	**(45,124)**
Total comprehensive loss	–	–	–	–	**(45,124)**	**(45,124)**
Transactions with owners						
Issue of shares, net of costs	**136**	**737**	–	–	–	**873**
Share-based payments charge	–	–	–	–	**997**	**997**
Total transactions with owners	**136**	**737**	–	–	**997**	**1,870**
At 31 December 2022	**19,209**	**405,463**	**3,449**	**7,463**	**(198,183)**	**237,401**

[1] 2020 and 2021 results have been restated to reflect an adjustment to prior year R&D tax claims as set out in Note 1.

Notes to the financial statements for the year ended 31 December 2022

1. Basis of preparation

The financial information presented in this preliminary announcement has been prepared in accordance with the recognition and measurement requirements of UK adopted international accounting standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The principal accounting policies adopted in the preparation of the financial information in this preliminary announcement are unchanged from those used in the company's statutory financial statements for the year ended 31 December 2022. Whilst the financial information included in this announcement has been computed in accordance with the recognition and measurement requirements of IFRS, this announcement does not itself contain sufficient disclosures to comply with IFRS.

The financial information contained in this final announcement does not constitute statutory financial statements as defined by in Section 434 of the Companies Act 2006. The financial information has been extracted from the financial statements for the year ended 31 December 2022 which have been approved by the Board of Directors, and the comparative figures for the year ended 31 December 2021 are based on the financial statements for that year.

During the year the Group re-classified the presentation of the RDEC tax credit within the consolidated statement of profit and loss. The RDEC tax credit was previously presented within cost of sales, however in order to better align with our peers and to achieve consistent presentation with other items that we apply government grant accounting to, the Group now presents the RDEC tax credit within other operating income. Prior year comparatives have been re-classified accordingly. The impact of this change was to increase the current year's cost of sales and other operating income by £1.1m (2021: £1.3m).

The 2021 and 2020 results have been restated to reflect an adjustment to R&D tax credit claims for certain costs which were inadvertently claimed in 2019 and 2020 under the Small and Medium-sized Enterprise (SME) R&D tax credit schemes, whereas they should have been claimed at a lower claim rate under the RDEC scheme.

As a result, the 2021 taxation credit has been increased by £0.3m to remove a provision that was recognised in 2021 against future tax credits that should have been recognised in 2019 and 2020. The 2021 net loss has therefore reduced from £21.4m to £21.1m. The opening statement of financial position as at 1 January 2021 has also been presented, restated by a net £1.3m decrease to current assets reflecting a £1.9m decrease in current tax receivable under the SME tax scheme and a £0.6m increase in other receivables under the RDEC tax scheme. The 2021 other receivables increased by £0.9m and the current tax receivable decreased by £1.9m giving rise to a net decrease in net assets of £1.0m.

The financial statements for 2021 have been delivered to the Registrar of Companies and the 2022 financial statements will be delivered after the Annual General Meeting on 18 May 2023. The Auditor has reported on both sets of accounts without qualification, did not draw attention to any matters by way of emphasis without qualifying their report, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006. The Directors confirm that, to the best of their knowledge, this condensed set of consolidated financial statements has been prepared in accordance with the AIM Rules.

Going Concern

The Group has reported a loss after tax for the year ended 31 December 2022 of £45.1m (31 December 2021: £21.1m) and net cash used in operating activities of £51.5m (31 December 2021: £20.3m). At 31 December 2022, the Group held cash and cash equivalents and investments of £182.3m (31 December 2021: £249.6m). The directors have prepared annual budgets and cash flow projections that extend 15 months from the date of approval of this report. The increased cash used in the year is in line with the Group's strategy to invest in the development of our electrolysis and fuel cell technology to support future revenue streams. Future projections include management's expectations of the further cash outflows associated with the Group's investment in R&D projects and expansion of manufacturing and testing capacity, together with contracted and anticipated customer contracts and the planned investment in the China collaboration with Bosch and Weichai. The projections were stress tested by applying different scenarios including the loss of significant future revenue and continued adverse macroeconomic factors. In each case the projections demonstrated that the Group would have sufficient cash reserves to meet its liabilities as they fall due and to continue as a going concern. For the above reasons, the directors continue to adopt the going concern basis in preparing the financial statements.

New standards and amendments applicable for the reporting period

The Group has adopted all standards, interpretations amended or newly issued by the IASB that were effective in the period. Their adoption has not had any material effect on the consolidated financial statements.

2. Revenue

The Group's revenue is disaggregated by geographical market, major product/service lines, and timing of revenue recognition:

Geographical market

	2022	2021
	£'000	£'000
Europe	**8,460**	7,676
Asia	**13,253**	22,748
North America	**394**	109
Rest of World	**23**	243
	22,130	30,776

For the year ended 31 December 2022, the Group has identified two major customers (defined as customers that individually contributed more than 10% of the Group's total revenue) that accounted for approximately 51% and 36% of the Group's total revenue recognised in the period (31 December 2021: three major customers that accounted for approximately 59%, 25% and 11% of the Group's total revenue recognised for that year).

Major product/service lines

	2022	2021
	£'000	£'000
Engineering services	**9,039**	6,777
Provision of technology hardware	**5,380**	7,353
Licenses	**7,711**	16,646
	22,130	30,776

Timing of transfer of goods and services

	2022	2021
	£'000	£'000
Products and services transferred at a point in time	**4,760**	15,326
Products and services transferred over time	**17,370**	15,450
	22,130	30,776

Amounts transferred at a point in time during the prior periods included the recognition of significant license income in the first half of 2021 related to a major contract.

The contract-related assets and liabilities are as follows:

		31 December 2022	31 December 2021
		£'000	£'000
Trade receivables	12	**11,825**	2,612
Contract assets – accrued income		**3,309**	7,010
Contract assets – deferred costs		–	321
Total contract assets		**3,309**	7,331
Contract liabilities – deferred income		**(6,387)**	(4,290)

3. Segmental analysis

In accordance with IFRS 8 the method applied to identify reporting segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker, which the Group considers to be the Executive team. The Group's internal segmental reporting continues to separately reflect results down to adjusted EBITDA level from its Power (SOFC) and Hydrogen (SOEC) divisions.

Year ended 31 December 2022	**Power - SOFC £'000**	**Hydrogen - SOEC £'000**	**Consolidated £'000**
Revenue (external)	**21,950**	**180**	**22,130**
Cost of sales	**(9,070)**	**(9)**	**(9,079)**
Gross profit	**12,880**	**171**	**13,051**
Other operating income	**1,332**	**–**	**1,332**
Operating costs (excluding adjusting items)	**(35,769)**	**(21,844)**	**(57,613)**
Adjusted EBITDA[1]	**(21,557)**	**(21,673)**	**(43,230)**
Adjusting items:			
Depreciation & amortisation			**(7,138)**
Share-based payment charge			**(997)**
Unrealised foreign exchange losses			**863**
Fair value adjustment			**(1,020)**
Operating loss			**(51,522)**
Finance income			**2,830**
Finance expense			**(304)**
Loss before taxation			**(48,996)**
Taxation credit			**3,872**
Loss for the financial year			**(45,124)**

Year ended 31 December 2021 - Restated[2]	Power - SOFC £'000	Hydrogen - SOEC £'000	Consolidated £'000
Revenue (external)	30,776	–	30,776
Cost of sales	(11,731)	–	(11,731)
Gross profit	19,045	–	19,045
Other operating income	2,228	–	2,228
Operating costs (excluding adjusting items)	(25,765)	(12,183)	(37,948)
Adjusted EBITDA[1]	(4,492)	(12,183)	(16,675)
Adjusting items:			
Depreciation & amortisation			(5,760)
Share-based payment charge			(2,615)
Unrealised foreign exchange losses			563
Fair value adjustment			1,057
Operating loss			(23,430)
Finance income			438
Finance expense			(380)
Loss before taxation			(23,372)
Taxation credit[2]			2,280
Loss for the financial year			(21,092)

[1]Adjusted EBITDA is an alternative performance measure, as defined at the end of this report.
[2] The 2021 taxation credit has been restated to remove a provision of £0.3m that was recognised in 2021 against future tax credits, that should have been recognised in 2019 and 2020. Further, the 2021 RDEC tax credit of £1.3m has been re-presented to disclose the credit within other operating income rather than within cost of sales. Note 1 sets out the relevant details.

4. Operating costs

Operating costs can be analysed as follows:

	2022	2021
	£'000	£'000
Research and development costs	**48,348**	31,290
Administrative expenses	**15,165**	11,245
Commercial	**2,392**	2,168
	65,905	44,703

5. Finance income and expenses

	2022	2021
	£'000	£'000
Interest received	**2,657**	438
Foreign exchange gain on cash, cash equivalents and short-term deposits	**173**	–
Finance income	**2,830**	438
Interest on lease liability	**(212)**	(316)
Unwinding of discount on provisions	**(87)**	(64)
Other finance costs	**(5)**	–
Interest expense	**(304)**	(380)

6. Taxation

No corporation tax liability has arisen during the period (31 December 2021: £nil) due to the losses incurred. A tax credit has arisen as a result of the tax losses being surrendered in respect of research and development expenditure.

	2022	2021 Restated[1]
	£'000	£'000
UK corporation tax	**(4,470)**	(2,917)
Foreign tax suffered	**828**	973
Adjustment in respect of prior periods	**(230)**	(336)
	(3,872)	(2,280)

[1] The 2021 taxation credit has been restated to remove a provision recognised in 2021 against future R&D tax credits that should have been recognised in 2019 and 2020. The restatement has increased the adjustment in respect of prior periods by £310,000, from a credit of £26,000 to a credit of £336,000.

7. Loss per share

	2022	2021 Restated[1]
	£'000	£'000
Loss for the financial year attributable to shareholders	**(45,124)**	(21,092)
Weighted average number of shares in issue	**191,385,618**	185,689,432
Loss per £0.10 ordinary share (basic and diluted)	**(23.58)p**	(11.36)p

[1] The 2021 loss for the year has been restated to remove a provision recognised in 2021 against future R&D tax credits that should have been recognised in 2019 and 2020. The loss has been decreased by £310,000 compared with the amount previously reported. Details are set out in Note 1.

8. Property, plant and equipment

	Leasehold improvements £'000	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Assets under construction £'000	Motor vehicles £'000	Total £'000
Cost							
At 1 January 2021	5,883	21,409	2,061	314	756	12	30,435
Additions	1,529	3,521	502	34	1,791	—	7,377
Transfers	—	572	—	—	(572)	—	—
At 31 December 2021	7,412	25,502	2,563	348	1,975	12	37,812
Additions	**1,111**	**5,147**	**203**	—	**6,848**	—	**13,309**
Transfers	**71**	**893**	—	—	**(964)**	—	—
Disposal	**(1,621)**	**(6,669)**	**(831)**	**(72)**	—	—	**(9,193)**
At 31 December 2022	**6,973**	**24,873**	**1,935**	**276**	**7,859**	**12**	**41,928**
Accumulated depreciation							
At 1 January 2021	2,712	11,196	1,398	149	—	1	15,456
Charge for the year	646	3,089	392	83	—	5	4,215
At 31 December 2021	3,358	14,285	1,790	232	—	6	19,671
Charge for the year	**936**	**4,030**	**444**	**73**	—	**3**	**5,486**
Depreciation on disposals	**(1,621)**	**(6,669)**	**(831)**	**(72)**	—	—	**(9,193)**
At 31 December 2022	**2,673**	**11,646**	**1,403**	**233**	—	**9**	**15,964**
Net book value							
At 31 December 2022	**4,300**	**13,227**	**532**	**43**	**7,859**	**3**	**25,964**
At 31 December 2021	4,054	11,217	773	116	1,975	6	18,141

'Assets under construction' represents the cost of purchasing, constructing and installing property, plant and equipment ahead of their productive use. The category is temporary, pending completion of the assets and their transfer to the appropriate and permanent category of property, plant and equipment. As such, no depreciation is charged on assets under construction.

Assets under construction consist entirely of plant and machinery that will be used in the manufacturing, development and testing of fuel cells.

9. Right of use assets

	Land and Buildings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2021	4,729	18	4,747
Additions	–	43	43
Adjustment to lease term	(1,035)	–	(1,035)
Disposals	–	(18)	(18)
At 31 December 2021	3,694	43	3,737
Adjustment of lease term	**829**	–	**829**
At 31 December 2022	**4,523**	**43**	**4,566**
Accumulated depreciation			
At 1 January 2021	766	10	776
Charge for the year	523	18	541
Disposals	–	(18)	(18)
At 31 December 2021	1,289	10	1,299
Charge for the year	**606**	**14**	**620**
At 31 December 2022	**1,895**	**24**	**1,919**
Net book value			
At 31 December 2022	**2,628**	**19**	**2,647**
At 31 December 2021	2,405	33	2,438

During the year, the Group signed an extension to a property lease and revised the expected term of that least accordingly. An adjustment of £0.8m was recognised to increase the right-of-use asset, with a corresponding adjustment to the lease liability. During the prior year, the Group revised the expected term on one of its property leases, recognising an adjustment of £1.0m to reduce the right-of-use asset, with a corresponding adjustment to the lease liability.

10. Intangible assets

	Internal developments in relation to manufacturing site £'000	Customer and internal development programmes £'000	Perpetual software licences £'000	Patent costs £'000	Total £'000
Cost					
At 1 January 2021	411	4,424	–	295	5,130
Additions	–	3,983	252	338	4,573
At 31 December 2021	411	8,407	252	633	9,703
Additions	–	**5,340**	**273**	**219**	**5,832**
At 31 December 2022	**411**	**13,747**	**525**	**852**	**15,535**
Accumulated amortisation					
At 1 January 2021	82	139	–	–	221
Charge for the year	82	899	23	–	1,004
At 31 December 2021	164	1,038	23	–	1,225
Charge for the year	**82**	**748**	**125**	**77**	**1,032**
At 31 December 2022	**246**	**1,786**	**148**	**77**	**2,257**
Net book value					
At 31 December 2022	**165**	**11,961**	**377**	**775**	**13,278**
At 31 December 2021	247	7,369	229	633	8,478

The customer and internal development intangible primarily relates to the design, development and configuration of the Company's core fuel cell and system technology. Amortisation of capitalised development commences once the development is complete and is available for use.

11. Inventories

	31 December 2022 £'000	31 December 2021 £'000
Raw materials	**1,566**	1,299
Work in progress	**1,477**	969
Finished goods	**2,671**	877
Total inventory	**5,714**	3,145

Inventories have increased in line with the continued improvement in manufacturing capacity and to ensure the Group can satisfy existing and anticipated customer demand for technology hardware.

During the year ended 31 December 2022, inventories of £5.0m (12 months ended 31 December 2021: £5.9m) were recognised as an expense and were included within Cost of Sales. In addition, as at 31 December 2022, a provision of £0.7m (2021: £nil) was recognised following the downgrading of a number of stacks that failed our initial quality control testing. These stacks potentially have a more limited life than expected and have therefore been provided against to reflect their lower net realisable value.

12. Trade and other receivables

	31 December 2022	31 December 2021 Restated[1]
Current:	**£'000**	£'000
Trade receivables	**11,825**	2,612
Other receivables	**5,328**	3,201
	17,153	5,813
Non-current:		
Other receivables	**741**	741

[1] 2021 other receivables have been restated to reflect the adjustment of prior year R&D tax claims, as set out in Note 1. The R&D tax claim receivable has been increased by £948,000 accordingly.

The Group's trade receivables balance at 31 December 2022 is significantly higher than at 31 December 2021 primarily reflecting a number of significant invoices raised in the last quarter of 2022 with two major customers. Of the £11.8m due at 31 December 2022, c.£10m was received in the first two months of 2023. Included within other current receivables is the research and development tax credit of £1,350,000 (31 December 2021: £1,304,000).

13. Other current assets

	31 December 2022	31 December 2021
	£'000	£'000
Prepayments	**869**	673
Accrued interest	**–**	322
Accrued grant income	**88**	138
	957	1,133

14. Net cash and cash equivalents, short-term and long-term investments

	31 December 2022	31 December 2021
	£'000	£'000
Cash at bank and in hand	**7,837**	4,957
Money market funds	**55,472**	146,498
Cash and cash equivalents	**63,309**	151,455
Short-term investments[1]	**119,011**	93,129
Long-term investments	**–**	5,000
Cash and cash equivalents and investments	**182,320**	249,584

[1] Short-term investments comprise bank deposits with a maturity greater than 3 months but less than 12 months.

The Group typically places surplus funds into pooled money market funds with same day access and bank deposits with durations of up to 24 months. The Group's treasury policy restricts investments in short-term sterling money market funds to those which carry short-term credit ratings of at least two of AAAm (Standard & Poor's), Aaa-mf (Moody's) and AAAmmf (Fitch) and deposits with banks with minimum long-term rating of A-/A3/A and short-term rating of A-2/P-2/F-1 for banks which the UK Government holds less than 10% ordinary equity.

15. Trade and other payables

	31 December 2022	31 December 2021
Current:	**£'000**	£'000
Trade payables	**4,795**	2,425
Other payables	**138**	358
	4,933	2,783

16. Other current liabilities

	31 December 2022	31 December 2021
	£'000	£'000
Accruals	**6,515**	4,803
Deferred grant income	**771**	1,015
	7,286	5,818

17. Derivative financial instruments

	31 December 2022	31 December 2021
	£'000	£'000
Financial assets measured at fair value through profit or loss		
Forward exchange contracts	**26**	321
Non-deliverable forward contracts	**28**	752
Total derivative assets	**54**	1,073

In 2020, the Group entered into a non-deliverable forward (NDF) to hedge its exposure to Korean Won (KRW) with respect to a major customer contract. The Group also had forward exchange contracts in place to hedge expected transactions in EUR and CAD. All derivative financial instruments are measured using techniques consistent with level 2 of the fair value hierarchy.

18. Lease liabilities

	31 December 2022 £'000	31 December 2021 £'000
At 1 January	**3,039**	4,445
New finance leases recognised	**–**	41
Lease payments	**(956)**	(721)
Interest expense	**212**	316
Adjustment to lease term	**829**	(1,042)
At 31 December	**3,124**	3,039
Current	**610**	754
Non-current	**2,514**	2,285
At 31 December	**3,124**	3,039

19. Provisions and contingent liabilities

	Property Dilapidations £'000	**Warranties £'000**	**Contract Losses £'000**	**Total £'000**
At 1 January 2021	1,610	418	194	2,222
Movements in the Consolidated Statement of Profit and Loss:				
Amounts used	–	(404)	(175)	(579)
Unwinding of discount	64	–	–	64
Increase in provision	154	1,239	307	1,700
At 31 December 2021	1,828	1,253	326	3,407
Movements in the Consolidated Statement of Profit and Loss:				
Amounts used	–	–	**(137)**	**(137)**
Unused amounts reversed	–	**(707)**	**(135)**	**(842)**
Unwinding of discount	**87**	–	–	**87**
Increase in provision	**18**	**329**	–	**347**
At 31 December 2022	**1,933**	**875**	**54**	**2,862**
Current	–	**875**	**54**	**929**
Non-current	**1,933**	–	–	**1,933**
At 31 December 2022	**1,933**	**875**	**54**	**2,862**
Current	–	1,253	326	1,579
Non-current	1,828	–	–	1,828
At 31 December 2021	1,828	1,253	326	3,407

During the year, following the conclusion of certain contracts utilising our fuel cell stacks, and based on a further year's data around stack failure and degradation rates, £0.7m of the existing warranty provision was released to the consolidated statement of profit or loss. Of this amount, approximately £0.3m was re-classified as a contingent liability as the likelihood of the stacks failing or of the Group paying out on any potential subsequent stack failures for certain stacks that may still be run by customers is no longer considered to be probable, but is considered to be more than remote.

20. Share capital

	2022		2021	
	Number of £0.10 Ordinary shares	**£'000**	Number of £0.10 Ordinary shares	£'000
Allotted and fully paid				
At 1 January	**190,729,638**	**19,073**	172,171,527	17,217
Allotted £0.10 Ordinary shares on exercise of employee share options	**1,357,137**	**136**	1,490,531	149
Allotted £0.10 Ordinary shares on cash placing (see below)	–	–	17,067,580	1,707
At 31 December	**192,086,775**	**19,209**	190,729,638	19,073

On 17 March 2021 the Group announced a fundraise that would allot 17,067,580 new ordinary shares of £0.10 each in the Company, for a total gross cash consideration of £180,916,340. In conjunction with the placing, 12,967,629 shares were allotted on 17 March 2021 which included Bosch and certain Directors of the Company subscribing for 3,649,150 and 24,376 shares respectively. On 19 May 2021 Weichai subscribed for and were allotted the remaining 4,099,951 shares.

During the year ended 31 December 2022, 1,357,137 ordinary £0.10 shares were allotted for cash consideration of £866,717 on the exercise of employee share options (31 December 2021: 1,490,531 ordinary £0.10 shares were allotted for cash consideration of £705,636).

Reserves

The Consolidated Statement of Financial Position includes a merger reserve and a capital redemption reserve. The merger reserve represents a reserve arising on consolidation using book value accounting for the acquisition of Ceres Power Limited at 1 July 2004. The reserve represents the difference between the book value and the nominal value of the shares issued by the Company to acquire Ceres Power Limited. The capital redemption reserve was created in the year ended 30 June 2014 when 86,215,662 deferred ordinary shares of £0.04 each were cancelled.

21. Capital commitments

Capital expenditure that has been contracted for but has not been provided for in the financial statements amounts to £8,679,000 as at 31 December 2022 (31 December 2021: £8,086,000), in respect of the acquisition of property, plant and equipment, primarily related to the Group's planned test stand expansion.

22. Related party transactions

As at 31 December 2022 and as at 31 December 2021, the Group's related parties were its Directors and RFC Power Ltd.

During the year ended 31 December 2022, one Director exercised and retained 7,109 share options under the Company's employee share save scheme and one Director exercised and sold 14,218 share options under the Company's employee share save scheme. There were no other transactions between the Company and the Directors during the year.

During the year ended 31 December 2021 one Director exercised and retained 8,491 share options under the Company's employee share save scheme. There were no other transactions between the Company and the Directors.

Transactions between the Group and RFC Power Ltd, being an associated entity of the Group, comprised engineering consultancy services provided by the Group to RFC Power for the value of £0.4m (31 December 2021: £0.1m) in return for equity share capital.

Non-GAAP Alternative Performance Measures (unaudited)

Reconciliation between operating loss and Adjusted EBITDA

Management believes that presenting Adjusted EBITDA loss allows for a more direct comparison of the Group's performance against its peers and provides a better understanding of the underlying performance of the Group by excluding non-recurring, irregular and one-off costs. The Group currently defines Adjusted EBITDA loss as the operating loss for the period excluding depreciation and amortisation charges, share-based payment charges, unrealised losses on forward contracts and exchange gains/losses.

	2022 **£'000**	2021 £'000
Operating loss	**(51,522)**	(23,430)
Depreciation and amortisation	**7,138**	5,760
Share-based payment charges	**997**	2,615
Unrealised losses/(gains) on forward contracts	**1,020**	(1,057)
Exchange gains	**(863)**	(563)
Adjusted EBITDA	**(43,230)**	(16,675)

Reconciliation between net cash from operating activities and equity-free cash flow

The Group defines equity-free cash flow as net cash from operating activities plus capital expenditure and adjusted for interest payments and receipts and exchange rate movements. The table below reconciles net cash from operating activities to equity-free cash flow for each period.

	2022 **£'000**	2021 £'000
Net cash used in operating activities	**(51,522)**	(20,342)
Capital expenditure (total)	**(18,179)**	(11,950)
Interest and lease receipts/(payments) (net)	**487**	(283)
Exchange rate movements	**863**	563
Equity-free cash flow	**(68,351)**	(32,012)