



The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 which is part of UK law by virtue of the European Union (withdrawal) Act 2018. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

21 September 2023

Clean Power Hydrogen plc
("CPH2", the "Company" or the "Group")

Interim Results for the six months ended 30 June 2023

Clean Power Hydrogen plc (AIM: CPH2), the UK-based green hydrogen technology and manufacturing group that has developed the IP-protected Membrane-Free Electrolyser ("MFE"), is pleased to announce its unaudited results for the six months ended 30 June 2023.

Financial Highlights

- Cash position remains strong at £12.9m
- £1.3m investment on development work in the six months to June 2023
- Loss of £1.6m in the six months to June 2023

Technology Highlights

- The MFE110, the Company's first scaled membrane free electrolyser, is in the final stage of testing.
- Thorough testing of the MFE110 has identified upgrades and the Company has successfully redesigned the cryogenic system as well as validated the stack design.
- Results of the MFE110 have informed valuable enhancements to the MFE220 design as expected.
- Following the delivery of the MFE110, the Company will turn its focus to finalising the design and build programme of the MFE220, CPH2's 1MW System.
- Applications now submitted to certifying bodies for CE marking, UKCA marking, NI CE marking.

Significant engineering milestones have been reached during the period and although delivery of the MFE110 has been delayed to ensure operational and safety compliance, delivery, commissioning and installation of the unit at our customer's site will take place imminently.

The commissioning process has given valuable design and operability feedback which has resulted in further iterations of the MFE design. This redesign process has been done in a methodical and diligent manner and led to a number of components being reworked, re-engineered, and reordered, which in turn has had a knock-on impact on the commissioning schedule especially when new components have long lead times. However, the Company has largely finished this process and the improvement in the components and design means that CPH2 is more confident now in its ability to fully commercialise the product. The data and the learnings the team has accrued place the Company in a much stronger position to roll out the technology at CPH2's own facilities and at licence holder facilities.

Commercially, CPH2 is in a strong position. The Group's pipeline and order book is expected to increase once customers are able to verify having a working unit in operation in the field. In tandem, the Company

is working with its licence partners to deliver the blueprints for their own production and hope to have these ready for late Q4 2023 or early Q1 2024. As a result of the delays the Company does not expect any significant income in FY2023.

Change of Name of Nominated Adviser and Broker

The Company also announces that Cenkos Securities, its Nominated Adviser and Broker, has changed its name to Cavendish Securities plc following completion of its own corporate merger.

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Overview of CPH2

CPH2 is the holding company of Clean Power Hydrogen Group Limited (“**Clean Power**”) which has almost a decade of dedicated research and product development experience. This experience has resulted in the creation of simple, safe and sustainable technology which is designed to deliver a modular solution to the hydrogen production market in a cost-effective, scalable, reliable and long-lasting manner. The Group’s strategic objective is to deliver the lowest LCOH in the market in relation to the production of green hydrogen. The Group’s MFE technology is already commercially available and demonstrating cost efficiencies and technological advantages. CPH2 is listed on the AIM market and trades under the ticker LON:CPH2.

Chief Executive's Statement

Technology update

Work during the period has concentrated on completion of the MFE110 electrolyzers, our 0.5 MW system being used to validate the technology at scale and verify the design, following which they will be shipped to customer sites for site validation.

The design of the MFE110 was completed in Q1 2023, following which the Company undertook the pre-commissioning and then commissioning of the system under the watchful eye of Paul Cassidy, our CTO who joined in March 2023.

The pre-commissioning and commissioning process is a necessary procedure to undertake in all engineering projects as it is the first time we are commissioning our groundbreaking technology at scale. The commissioning process has given valuable design and operability feedback which has resulted in further iterations of the MFE design. This design evolution has resulted in a longer commissioning process than first anticipated, however, we are confident that these iterations put the technology on a sound basis.

Every component and system – including each valve, gauge, pipe, electrical wire and pump – has been tested to ensure it is correctly installed and functioning according to its specification. Any components that were not working according to the design specification, or otherwise as expected, were reviewed by the engineering and research & development departments, who found a solution to resolve the issue. At times this resulted in a redesign of the component, which then were procured, for which in some cases incurred additional lead time.

The Company is executing a staged commissioning process testing firstly the stacks, then the stacks with the dryers, the cryogenics, and then finally bringing together the stacks, dryers, and cryogenics to have the complete system working together, successfully generating separated hydrogen and oxygen gases. This has given the Company the opportunity to make modifications before bringing the entire system online.

Over the last five months we have been working through this process in a methodical way, successfully resolving issues found, while ensuring that safety is paramount, which has resulted in an improvement to the unit operability, validation of stack design, and design improvements of the cryogenic system.

I am pleased to advise that as at the date of this report, the Company has reached the final stage of the commissioning process, which will be to generate separated hydrogen and oxygen gases of its first MFE110 electrolyser in the coming weeks, having already successfully generated mixed gas. Significant firsts have been achieved, and having successfully gone through nearly the whole commissioning process, confidence is high as we embark on the closing stage of commissioning.

The next stage of the process is achieving Factory Acceptance Testing which includes customer acceptance, upon which the first MFE110 will be shipped to the customer site.

The commissioning process has taken two months longer than expected but has been a crucial learning experience for the Company which has instilled the necessary disciplined approach which will prove valuable going forward. In addition, the successful proving of the technology at scale gives great confidence in the Company's 1MW system, the MFE220.

Work has continued on completing the design of the MFE220, and the issues that were found and resolved in the commissioning process of the MFE110, is informing the MFE220's development. We are expecting to complete the design and then begin building the unit in Q4 2023, with commissioning and customer delivery in the new year.

Commercial update

We have been working closely with our licence partners, as well as our customers and their respective engineering consultants, and appreciate the strong support we have received.

During the period we signed a 10-year licensing deal with Fabrum, an advanced energy company with deep expertise in cryogenics and an important customer of CPH2, alongside two MFE220 orders. The

licensing deal allows Fabrum to manufacture membrane-free electrolyzers in their factory in Christchurch, New Zealand as well as a non-exclusive sales licence for Australia and New Zealand. Under the agreement Fabrum will manufacture either upon a CPH2 order or their own sale. The MFE220s built by Fabrum will be in accordance with Australian & New Zealand standards, and upon completion of the design and compliance work, there will be a membrane free electrolyser ready for the Australian and New Zealand market. Fabrum has since secured its first customer order under the licencing agreement from Obayashi Construction Company.

Financial review

The Company has prudently and carefully managed its cash resources during the period, ensuring the cash spend is controlled and focused on our route to commercialization. We remain in a strong cash position with cash resources of £12.9m at 30 June 2023 (comprising term deposits of £8m and cash and cash equivalents of £4.9m), a reduction of £2.4m from 31 December 2022 when the cash resources of the Company were £15.3m. The Company incurred a loss of £1.6m for the six months ended 30 June 2023, an increase of £0.5m from the comparative period, but down from the loss of £2.3m incurred in H2 2022. The Company invested £1.3m in development work during the period.

Conclusion and Outlook

It has been a crucial time for the Company, and whilst we have had delays, strong strides have been made during the period in proving at scale the differentiated, groundbreaking membrane free electrolyser technology on the back of a disciplined engineering approach. Our key focus for the rest of the year is to complete and ship MFE110s, to have a scaled working electrolyser at a customer site, and to complete the design of the CPH2 1MW system, the MFE220, in line with our stated milestones. The enormous global hydrogen opportunity only continues to strengthen and we are confident that our technology provides a compelling, disruptive and attractive offering.

As we sit at the cusp of commercialising a truly ground-breaking technology in the hydrogen sector, I would like to thank to all our staff whose passion is inspiring and who have worked tirelessly to progress the technology and the Company.

Jon Duffy
Chief Executive Officer

Consolidated Statement of Comprehensive Income

FOR THE PERIOD ENDED 30 JUNE 2023

	Note	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000	Year ended 31 December 2022 Audited £'000
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Other operating income		2	2	-
Administrative expenses excluding exceptional items		(2,262)	(2,158)	(4,765)
Exceptional net credit	4	-	987	986
Total administrative expenses		(2,262)	(1,171)	(3,779)
Operating loss		(2,260)	(1,169)	(3,779)
Finance income		163	91	216
Finance expense		(24)	(28)	(55)
Loss before taxation		(2,121)	(1,106)	(3,618)
Taxation	5	512	-	174
Loss for the financial period		(1,609)	(1,106)	(3,444)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		12	(9)	(19)
Fair value decrease in respect of investments		(42)	-	(3)
Total comprehensive expense for the period		(1,639)	(1,115)	(3,466)
Basic and diluted earnings per share (pence)	6	(0.60)	(0.45)	(1.35)

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

Consolidated Statement of Financial Position

AS AT 30 JUNE 2023

	Note	30 June 2023	30 June 2022	31 December 2022
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Assets				
Non-current assets				
Intangible assets	7	6,828	1,527	5,476
Property, plant and equipment		1,626	1,347	1,387
Fair value through OCI investments	8	1,455	-	1,497
Trade and other receivables		120	120	120
		10,029	2,994	8,480
Current assets				
Inventories	9	2,443	3,889	2,363
Trade and other receivables	10	2,304	2,085	3,239
Current asset investments		8,000	21,000	13,500
Cash and cash equivalents		4,907	2,175	1,790
		17,654	29,149	20,892
Total assets		27,683	32,143	29,372
Liabilities				
Current liabilities				
Trade and other payables		(717)	(894)	(844)
Deferred income		(1,802)	(2,636)	(1,858)
Lease liabilities		(124)	(117)	(121)
		(2,643)	(3,647)	(2,823)
Non-current liabilities				
Deferred income		(630)	(278)	(641)
Lease liabilities		(673)	(797)	(737)
		(1,303)	(1,075)	(1,378)
Total liabilities		(3,946)	(4,722)	(4,201)
Net assets		23,737	27,421	25,171
Equity				
Called up share capital		2,682	2,654	2,654
Share premium account		27,707	27,638	27,638
Merger reserve		3,702	3,702	3,702
Currency translation reserve		(3)	(5)	(15)
Accumulated loss		(10,351)	(6,568)	(8,808)
Total equity		23,737	27,421	25,171

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

Consolidated Statement of Changes in Equity

FOR THE PERIOD ENDED 30 JUNE 2023

	Called up share capital	Share premium account	Merger reserve	Foreign currency reserve	Accumulated loss	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2022	9	5,545	-	4	(5,910)	(352)
Loss for the financial year	-	-	-	-	(3,444)	(3,444)
Other comprehensive expense	-	-	-	(19)	(3)	(22)
Total comprehensive expense for the year	-	-	-	(19)	(3,447)	(3,466)
Share based payments	-	-	-	-	549	549
Capital reorganisation	1,843	(5,545)	3,702	-	-	-
Issue of share capital	802	27,638	-	-	-	28,440
Total contributions by owners	2,645	22,093	3,702	-	549	28,989
Balance as at 31 December 2022	2,654	27,638	3,702	(15)	(8,808)	25,171
Loss for the financial period	-	-	-	-	(1,609)	(1,609)
Other comprehensive expense	-	-	-	12	(42)	(30)
Total comprehensive expense for the period	-	-	-	12	(1,651)	(1,639)
Share based payments	-	-	-	-	108	108
Issue of share capital	28	69	-	-	-	97
Total contributions by owners	28	69	-	-	108	205
Balance as at 30 June 2023	2,682	27,707	3,702	(3)	(10,351)	23,737

Comparatives for the six months ended 30 June 2022 are provided separately below:

	Called up share capital	Share premium account	Merger reserve	Foreign currency reserve	Accumulated loss	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2022	9	5,545	-	4	(5,910)	(352)
Loss for the financial period	-	-	-	-	(1,106)	(1,106)
Other comprehensive expense	-	-	-	(9)	-	(9)
Total comprehensive expense for the year	-	-	-	(9)	(1,106)	(1,115)
Share based payments	-	-	-	-	448	448
Capital reorganisation	1,843	(5,545)	3,702	-	-	-
Issue of share capital	802	27,638	-	-	-	28,440
Total contributions by owners	2,645	22,093	3,702	-	448	28,888
Balance as at 30 June 2022	2,654	27,638	3,702	(5)	(6,568)	27,421

Consolidated Cash Flow Statement

FOR THE PERIOD ENDED 30 JUNE 2023

	6 months ended 30 June 2023	6 months ended 30 June 2022	Year ended 31 December 2022
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Cash flow from operating activities			
Loss for the financial period	(1,609)	(1,106)	(3,444)
Adjustment for:			
Depreciation and amortisation	177	109	249
Loss on disposal	-	10	5
Share based payments	108	(1,517)	(1,416)
Foreign exchange	16	-	(25)
Net finance income	(139)	(63)	(161)
Taxation credit	(512)	-	(174)
Changes in working capital:			
Increase in inventories	(80)	(1,807)	(281)
Decrease/(increase) in trade and other receivables	1,273	(1,381)	(2,361)
(Decrease)/increase in trade and other payables	(194)	742	293
Cash used in operations	(960)	(5,013)	(7,315)
Income tax received	174	143	143
Net cash used in operating activities	(786)	(4,870)	(7,172)
Cash flows from investing activities			
Current asset investments disinvested/(made)	5,500	(21,000)	(13,500)
Purchase of property, plant and equipment	(388)	(129)	(292)
Purchase of intangible assets	(1,384)	(354)	(4,316)
Purchase of investments	-	-	(1,500)
Net cash generated from/(used in) investing activities	3,728	(21,483)	(19,608)
Cash flows from financing activities			
Issue of share capital (net of costs)	97	28,440	28,440
Interest received	163	91	216
Related party loan repaid	-	(382)	(382)
Interest paid	(24)	(28)	(55)
Payment of lease liabilities	(61)	(73)	(129)
Net cash generated from financing activities	175	28,048	28,090
Net increase in cash and cash equivalents	3,117	1,695	1,310
Cash and cash equivalents at the beginning of the period	1,790	480	480
Cash and cash equivalents at the end of the	4,907	2,175	1,790

Notes to the Condensed Interim Financial Statements

FOR THE PERIOD ENDED 30 JUNE 2023

1 Corporate information

Clean Power Hydrogen plc is a public company incorporated in the United Kingdom and listed on the Alternative Investment Market ("AIM"). The registered address of the Company is Unit D Parkside Business Park, Spinners Road, Doncaster, England, DN2 4BL. The principal activity of the Company is as a holding company for subsidiaries engaged in the development of a patented method of hydrogen and oxygen production together with the development of a gas separation technique which enables hydrogen to be produced as 'Green Hydrogen' and oxygen to medical grade purity.

2 Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2023 and 30 June 2022 has been prepared in accordance with UK adopted international accounting standards ('IFRS') including IAS 34 'Interim Financial Reporting'.

The accounting policies applied by the Group include those as set out in the consolidated financial statements for the Group for the year ended 31 December 2022 and are consistent with those to be used by the Group in its next financial statements for the year ending 31 December 2023.

There are no new standards, interpretations and amendments which are not yet effective in these financial statements, expected to have a material effect on the Group's future financial statements.

The financial information does not contain all of the information that is required to be disclosed in a full set of IFRS financial statements. The financial information for the six months ended 30 June 2023 and 30 June 2022 is unaudited and does not constitute the Group or Company's statutory financial statements for those periods.

The comparative financial information for the full year ended 31 December 2022 has, however, been derived from the audited statutory financial statements for Clean Power Hydrogen plc for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

These policies have been applied consistently to all periods presented, unless otherwise stated.

The interim financial information has been prepared under the historical cost convention with the exception of the fair values applied in accounting for share based payments and investments. The financial information and the notes to the historical financial information are presented in thousands of pounds sterling ('£'000'), the functional and presentation currency of the Group, except where otherwise indicated.

Going Concern

The Group's forecasts and projections to 31 December 2024 based on the current trends in development and trading and after taking account of the funds currently held, show that the Group will be able to operate within the level of cash reserves.

The Directors therefore have a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future and consider the going concern basis to be appropriate.

3 Segment reporting

IFRS 8, Operating Segments, requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the company's chief operating decision maker. The chief operating decision maker is considered to be the executive Directors.

The Group at this stage comprises only one operating segment for the development and sale of equipment for the electrolytic production of clean hydrogen and oxygen. This is monitored by the chief

operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

4 Exceptional costs and credits

	30 June 2023	30 June 2022	31 December 2022
Cash settled LTIP credit	-	1,965	1,965
Accelerated share based payment on IPO	-	(374)	(374)
IPO related costs	-	(604)	(605)
	-	987	986

Pre IPO, the Group had an LTIP in place for a director with a cash-settled bonus arrangement payable, linked to the Group value and share price over the 3 year period to September 2023. This was replaced with parent company options with new terms and on cancelling the arrangement resulted in the reversal of previous charges and an exceptional credit to income of £1,965,000.

5 Taxation

Tax credits in respect of research and development expenditure have been recognised when submitted and on receipt to date whilst experience of claims being collated and accepted is gained. The credit for the period to 30 June 2023 relates to the claim submitted for the year ended 31 December 2022 and the credit for the year ended 31 December 2022 to the claim submitted and received for 2021.

6 Earnings per share

	30 June 2023	30 June 2022	31 December 2022
Loss used in calculating earnings per share (£'000)	(1,609)	(1,106)	(3,444)
Weighted average number of shares for basic EPS ('000)	266,422	245,054	255,321
Basic and diluted loss per share (pence)	(0.60)	(0.45)	(1.35)

There is no dilutive effect on a loss. There are potentially dilutive options in place over 22,333,279 ordinary shares at 30 June 2023.

7 Intangible fixed assets

	Development costs £'000	Patents £'000	Software £'000	Total £'000
Cost				
At 1 January 2023	5,291	171	55	5,517
Additions	1,276	108	-	1,384
Reclassification	(5)	5	-	-
Exchange movements	-	(4)	-	(4)
At 30 June 2023	6,562	280	55	6,897
Accumulated depreciation				
At 1 January 2023	-	21	20	41
Charge for the period	-	21	7	28
At 30 June 2023	-	42	27	69
Net book amount				
At 30 June 2023	6,562	238	28	6,828
At 31 December 2022	5,291	150	35	5,476

The development costs relate to the direct expenditure incurred on the Group's membrane free electrolysis technology.

8 Investments held at fair value through other comprehensive income

	£'000
As at 1 January 2023	1,497
Movement in fair value	(42)
Fair value at 30 June 2023	1,455

The Company holds 1,412,429 ordinary £0.02 shares in ATOME Energy plc, representing 3.5% of its issued share capital at 30 June 2023 (3.9% at 1 January 2023). ATOME Energy plc is listed on AIM and is focused on the production, marketing and distribution of green hydrogen and ammonia.

The fair value at 30 June 2023 and 1 January 2023 is measured using the quoted price on the AIM market at that date (a level 1 input using the price from an active market).

9 Inventories

	30 June 2023	30 June 2022	31 December 2022
Group and Company	£'000	£'000	£'000
Raw materials and consumables	1,692	570	1,692
Work in progress	751	3,319	671
	2,443	3,889	2,363

No impairment of inventory has arisen.

Work in progress represents the costs incurred in the production of machines for confirmed orders not yet completed at the balance sheet date.

10 Trade and other receivables

	30 June 2023	30 June 2022	31 December 2022
Current	£'000	£'000	£'000
Trade receivables	81	-	84
Other receivables	849	688	2,053
Tax recoverable	512	-	174
Prepayments and accrued income	862	1,397	928
	2,304	2,085	3,239
Non-current			
Other receivables	120	120	120

There has been no significant revenue to 30 June 2023 and there have been no impairment charges nor expected credit loss provisions made, as the credit risk in respect of trade and other receivables is considered low. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

£475,000 of other receivables and deferred income relates to cash from a customer held in escrow subject to completion of the order.

11 Related party transactions

Directors remuneration during the 6 month period ended 30 June 2023 amounted to £337,000 (6 month period ended 30 June 2022 : £367,000).

Independent Review Report to Clean Power Hydrogen plc

FOR THE PERIOD ENDED 30 JUNE 2023

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, “Interim Financial Reporting” and the requirements of the AIM Rules for Companies.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK adopted IASs. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34 “Interim Financial Reporting”.

Conclusions related to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies.

In preparing the half-yearly financial report, the directors are responsible for assessing the group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the group a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange AIM Rules for Companies for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept

responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

PKF Littlejohn LLP