

Clean Power Hydrogen plc
2025 Annual Report and Accounts





Liberating the hydrogen industry with breakthrough electrolysis technology

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CHAIR'S STATEMENT

Christopher Train
Chair

I am pleased to present the Annual Report of Clean Power Hydrogen plc ("CPH2") for the year ended 31 December 2025.

Much ill-informed debate remains around the production of hydrogen on a commercial basis. The reality is that the hydrogen market continues to grow globally, especially in regions outside of Europe. The International Energy Agency forecasts that the production of low emission hydrogen will grow from its 2024 level six-fold by 2030.

At CPH2 we have developed patented technology for the production of high purity hydrogen and above medical-grade oxygen. Our Membrane-Free Electrolyser ("MFE™") solutions are market disruptive and leading edge. However, advanced innovation is no stranger to challenges and delay. During May 2026, structural damage was sustained by the MFE220 electrolyser as it was completing its final testing at our dedicated test-site facility. The initial, internal assessment is that a hydrogen-oxygen mixture ignited during an automated depressurisation of the system, causing a loss of containment. No personnel were injured and all relevant authorities were informed. Initial investigations have established that the Group's proprietary membrane-free stack and associated separators were not the cause of the incident. The unit remains non-operational until a formal root cause analysis is approved by the board. This is expected to be completed by 31 August 2026 and will provide a basis upon which remedial design changes can be made.

Legacy electrolysis solutions can be inefficient and unreliable. This is why CPH2 has been pursuing breakthroughs to old thinking; that path is never straight forwards. We have secured proprietary technology designed to maintain efficiency across the variable power of wind and solar. By eliminating the fragile and expensive membrane at the heart of other electrolyser approaches we aim to lower capital costs and improve reliability. The combined effect is projected to deliver one of the lowest lifetime levelised costs of hydrogen produced. CPH2 will now be focused on developing these solutions and has made a strategic choice to pivot away from capital intensive electrolyser manufacturing and costly testing, towards exploiting its extensive IP, intangible assets and know-how, globally.

During the year CPH2 surpassed other milestones. We commenced the Front-End Engineering Design ("FEED") on a 5MW electrolyser arrangement using the same technology, with our ongoing Research & Development ("R&D") programme targeting world-leading efficiency.

To support continued progress during 2025 we successfully raised gross proceeds of approximately £13.7m, and in June 2026 announced a fundraise for £2.5m from institutional and retail investors and a further fundraise up to an additional £7.5m, conditional upon shareholder approval. I would like to thank our investors for their continuing support for the Company as it evolves into a new business model.

Read further information:

Chief Executive's Review p04
Business Model & Strategy p06
Board of Directors p14

Board and senior management

To lead our new strategy, Richard Scott, who was appointed to the role of Chief Commercial Officer in June 2025, is to assume the role of Chief Executive Officer alongside James Hobson, who will remain as Chief Financial Officer.

Richard has over 30 years' experience in the energy sector, spanning senior commercial management, business and market development roles in Europe, USA and the Middle East. In October 2025, Asif Hussain was promoted to Chief Operations Director, having joined CPH2 in August 2023 as Process Engineering Manager. He is an internationally experienced engineer with a strong background in chemical synthesis, research and product development, and plant commissioning.

On successful completion of the Fundraising, I will step down from the board and Natalie Fortescue will become Non-Executive Chair, while Rick Smith will remain an Independent Non-Executive Director. This core group is already focused on managing the Company through a brief transition into a technology development and licensing business.

Jonathan Duffy, Chief Executive Officer has offered his resignation to the Board and will step down from his role during July 2026. I would like to take this opportunity to thank Jon for everything he has done to progress CPH2 during his tenure.

Outlook

I cannot overstate the commitment that has been shown by our management team and staff to achieve the considerable scientific, testing, production and commercial progress, despite the setbacks that often accompany leading edge development. Their dedication is greatly appreciated by me as I leave the Company in good hands. It has been an honour and privilege to serve as Chairman of a great British innovator. I pass on the baton at the point we have identified a strong and credible commercial opportunity through our evolving strategy in the expanding hydrogen industry, which the Company can capture for the benefit of our shareholders.

Christopher Train
Chair

30 June 2026



I cannot overstate the commitment that has been shown by our management team and staff to achieve the considerable scientific, testing, production and commercial progress, despite the setbacks that often accompany leading edge development.

A new capital light model to serve the growing hydrogen industry

Jon Duffy
Chief Executive Officer

The last year was characterised by strong progress and major milestones passed until we then suffered a major delay in our innovation programme which prompted an important change of strategy. Our market disrupting MFE220 electrolyser was at the very end of its final testing when a failure occurred. This is a reality of developing leading-edge technology. The most important fact is that no personnel were injured when containment was lost.

It is greatly encouraging that the Group's proprietary membrane-free stack and associated separators were not the cause of the incident. We're already working hard to define the root cause and make the changes required. However, as a result, the company is changing strategy to focus on technology development and global licensing. We are now able to target a much broader customer base and leverage existing commercial relationships, even previous competitors, globally.

As announced, we have signed Heads of Terms for an exclusivity period to complete a Strategic Partnership and Manufacturing and Technology Development Agreement with Hidrigin. If completed they would serve as our exclusive manufacturing partner in the United Kingdom, Ireland, the United States, Canada and Mexico, both for their own use and commercial sale. Hidrigin are developers of renewable energy projects, including green hydrogen production for its commercial off takers, including Sustainable Aviation Fuel. Manufacturing of our proprietary designs will be undertaken by their partner Jones Engineering, a world class manufacturer based in Ireland.

The Company's membrane-free technology has been described by customers as the 'standout solution', and our existing intellectual property commands substantial commercial value. Therefore, we have begun executing a capital-light business model, as exemplified by the arrangement with Hidrigin. It will focus on our proven capabilities in research and development, electrolyser stack manufacture, and the ability to successfully licence fully secured intellectual property.

To date we have been granted 16 patents across 12 jurisdictions, including USA, Japan, India, and across the Middle East and Europe, with a further 17 patents pending. We also have contractual licencing arrangements for our technology with three companies covering twelve countries, along with further copyrights and designs, technology partnerships and a decade of advanced technical know-how.

Commercial Progress

The Company's R&D and Engineering teams commenced the ("FEED") process on a 5MW unit during the year. The initial engineering assessment is that the 5MW and later generation 1MW unit designs can achieve world class leading efficiency of 48kWh/kg, with the opportunity to incorporate learning for the testing incident, as the final report becomes available. Efficiency could be further bolstered by leading stack reliability and the absence of membrane efficiency degradation seen in other categories.

The successful completion of the Site Acceptance Test ("SAT") in Ireland for the MFE110 in 2025 has been transformative, validating our disruptive technology on a customer site and providing a strong foundation for future technological development in support of the hydrogen industry.

Read further information:

Technology Review p07
Financial Review p08
Board of Directors p14

Licensees

We have intensified our focus on activating licensee partnerships around the world. During the period, CPH2 submitted manufacturing and design licence documentation to both Hidrigin in Ireland and Bentec, part of Helmerich & Payne, in support of their respective licence agreements. In each case, the comprehensive package included process, mechanical, electrical and safety design documentation, a fully defined bill of materials, and 3D layouts for the electrolyser and its sub-assemblies, enabling both partners to begin detailed preparations. We are greatly encouraged that all our licensees have expressed support following the testing incident and have maintained their licensing. Indeed, Hidrigin have further extended theirs.

These submissions mark an important step in advancing CPH2's capital-light licensing model, with Hidrigin progressing plans to deploy CPH2 licensed electrolysers across Irish solar and wind projects under its 20-year 2GW licence, and Bentec moving towards production under its 2GW licence across parts of Europe, Central Asia and the Middle East.

Building Partnerships

The Company announced engagement with Siemens, as part of a non-binding MoU to support technology development. In addition, we signed a similar arrangement with Koch Modular Process Systems LLC to explore manufacturing or licensing in USA, Canada and Mexico for 3rd party customers, and ABE Gruppe GmbH to explore supply, installation and servicing of up to 175MW of our designs. Currently none of these arrangements overlap with other licensees in place, due to the specific nature of the terms. As new substantive agreements are concluded or new licensees secured, that could change and will of course be monitored.

People

I will be stepping down from the role of Chief Executive Officer during July 2026. It has been a pleasure to lead this business since 2021. We have developed unique technology for the hydrogen industry.

Richard Scott, currently our Chief Commercial Officer will step up into the role of Chief Executive Officer alongside James Hobson, who will remain as Chief Financial Officer.

Richard has over 30 years' experience in the energy sector, 8 of which were specifically in Hydrogen developing plants in the UK, Oman, India and Texas, USA. I'm delighted that we were also able to promote Asif Hussain internally, from Process Engineering Manager to Chief Operations Director. He too is internationally experienced; an engineer with a background in chemical synthesis, research, product development, and plant commissioning.

A new leadership team is already driving day to day progress and a brief transition to our revised strategy. Our dedicated professionals are the bedrock of our achievements and future success. I remain proud of the whole team we have built at CPH2, their major successes in the first half of the period and ability manage innovation challenges in the latter half.

Our primary focus over the coming year will be activating our existing licensees and securing new partners as we pivot to a technology development and licensing business.

As I depart, I would like to extend my gratitude to our employees, shareholders and partners for their enduring support. We believe we have significant commercial opportunities to pursue with our unique technology. On your behalf the new team is to offer safe, lower cost and more reliable hydrogen and oxygen solutions to the growing hydrogen industry. The Company has the people, knowledge and partners, combined with an unwavering drive to meet our business goals.

Jon Duffy

Chief Executive Officer

30 June 2026



The successful completion of the Site Acceptance Test ("SAT") in Ireland for the MFE110 in 2025 has been transformative, validating our disruptive technology on a customer site and providing a strong foundation for future technological development in support of the hydrogen industry.



Creating value for stakeholders

CPH2 is a UK-based global technology company delivering a brand-new category of electrolyser technology.

Our strategy is now centred on the efficient commercialisation and further global licensing of that intellectual property, with additional strategic and manufacturing partnerships already progressed. We will be exploiting ever-accelerating AI capabilities to enhance process control, visualisation and safety management across the expanding market.

Our purpose is to liberate the hydrogen industry by creating value for our industrial partners through technology solutions for better, lower cost, more reliable electrolysis and handling of mixed gases globally. Our strategic objective is to develop and licence technology for our global partners that can deliver the lowest lifetime levelised cost of hydrogen.

This ambition is supported by the Group's value pillars and by an operating culture built on integrity, technical excellence and customer focus.

The long-term market opportunity for hydrogen remains substantial. The near-term demand is developing most clearly in sectors and regions where customers have an existing and defined operational need for hydrogen and oxygen and where those projects can be co-located to known power sources. We believe this creates attractive opportunities to license our unique technology in those areas, in combination with experienced regional partners.

By working with partners that have proven engineering and manufacturing capability in their local markets, CPH2 can target specific regional markets. Licensing provides a capital-light route to significant revenue growth, with low capex intensity while diversifying manufacturing risk across geographies and counterparties. It also supports supply chain leverage by coordinating our partners, enabling CPH2 to retain oversight of quality, design standards and ongoing product development. The third key element of our business model is continued investment in R&D to improve hydrogen production efficiency, purity, operational reliability and product longevity.



Our strategy is now centred on the efficient commercialisation and further global licensing of that intellectual property, with additional strategic and manufacturing partnerships already progressed.

TECHNOLOGY REVIEW

48kWh/kg targeted system efficiency

The potential for our patented MFE™ technology is extensive. The core electrolyser stack, which will remain manufactured in-house, already commands the longest guarantee in the sector. We can accomplish this within our new capital light model, as the manufacturing capability is fully in place. We will accelerate research on achieving a category leading system efficiency of 48kWh/kg. The work by CPH2's experienced R&D team is showing significant potential improvement with enhanced stack materials and the minimisation of shunt current losses.

Patent families and new filings

We continue to strengthen our IP position with active management of underlying patent families and the development of new filings that capture recent design innovations and process know how. In this regard the learning gleaned from the testing failure of the MFE220 in May 2026 is translated into future value. The extensive and detailed incident report will create insight that will be of use to the wider hydrogen industry, which we will seek to monetise through new designs and solutions.

First bottling of hydrogen

The team achieved the first bottling of high purity hydrogen in September 2025 marking a key validation of downstream integration with membrane-free electrolysis. The process provided valuable operational data on purity, pressure management, and safety protocols. We were also able to demonstrate high purity and ultra-high purity hydrogen and oxygen production. Unlike other technologies we have proven that MFE™ can produce levels of purity that not only open up new and significant global markets but also could provide higher income streams for hydrogen projects and target the above medical grade market for oxygen.

Safety case

There is no greater priority than the safe manufacturing, commissioning and operation of our technology designs. Our extensive safety case for producing hydrogen – developed and validated with WSP – has been well established. Technical setbacks can occur on every innovation journey, in particular for advanced solutions like ours. It's how we learn from them and incorporate that learning into ever safer designs in the future that matters. This ethos reflects market leading internal capabilities and decades of operational know how from our experienced team. Our assessment frameworks cover hazard identification, risk mitigation, and emergency procedures, giving stakeholders confidence in our approach to safe design, after extensive testing. We have produced a White Paper to provide full, publicly available details. Where incidents do occur, they do so in test settings, with full protections and mitigations in place so that no one gets hurt.

Certification & Compliance

Certification and compliance activities progressed in line with program timelines, with documentation prepared to meet relevant standards, product certification and client expectations. CPH2 was revalidated in ISO 9001, 14001 and 45001.

Find out more →

For further information
on our technology review
check out our website:
www.cph2.com



FINANCIAL REVIEW

James Hobson
Chief Financial Officer

The 2025 year demonstrated a continued laser focus on correct capital allocation to facilitate the Company's success in achieving its key milestones, while keeping tight control of expenditure over other activities.

Following the incident on 28 May 2026, the Company began transitioning to a more capital-light business model through strategic partnerships and licensing, exploiting its valuable intellectual property portfolio while continuing to develop the technology. From this a dedicated effort has been made to restructure and significantly reduce costs to achieve a substantially lower cash burn going forward.

The first tranche of a fundraise on 30 June 2026 raising £2.5m (gross) together with the intended second tranche raising up to £7.5m (gross) subject to EGM which is expected to be completed during week commencing 20 July 2026, is expected to put the Company on a solid financial footing, enabling it to pursue its new strategy.

Review of financial statements

The Company incurred a loss of £7.1m for the 2025 financial year (2024: £14.4m). The prior year included one-off impairment charges of £9.1m, whereas the 2025 result reflects a more normalised cost base as the business progressed its commercialisation activities. The current year loss includes an additional £1.0m onerous contract charge (2024: £0.5m) in respect of the same contract and a £0.1m loss relating to discontinued patents.

Administrative expenses

Administrative expenses were £6.5m in 2025 (2024: £5.7m). The increase reflected higher staff and staff-related costs (an increase of £0.5m year-on-year), professional fees and travel as the Group progressed commercialisation, customer engagement and product development. This was partly offset by lower equipment hire and depreciation and amortisation charges. All overheads continued to be tightly controlled during the year.

Impairment losses

Total impairment-related charges in 2025 were £0.1m (2024: £9.1m). No impairment was required in respect of capitalised development costs, property, plant and equipment or inventory. The 2025 charge related to discontinued patents identified during the year.

Onerous contract losses

Following a review of the Group's electrolyser sales contracts, one contract continued to meet the criteria of an onerous contract in 2025. A £1.0m onerous contract loss was recognised during the year, following a £0.9m write-down against inventory (2024: £0.9m), and a £0.2m addition to the provision for future losses (2024: £0.5m). CPH2's 'first-of-a-kind' ("FOAK") 1MW electrolyser was built to achieve performance against a schedule utilising where possible existing inventory.

Read further information:

Principal Risks & Uncertainties p10

Board of Directors p14

Audit and Risk Committee Report p23

Taxation

The taxation credit for 2025 was £0.5m (2024: £0.5m). This comprised an accrual of £0.4m in respect of the current year's R&D tax credit claim and £0.1m prior period underestimation of tax credits. The comparative year also benefited from R&D tax credits, with a similar overall credit recognised.

Capitalised development costs

Capitalised development costs incurred during 2025 were £1.0m (2024: £2.7m). The spend reflected continued development of the MFETM platform and associated engineering activity, but at a lower level than the prior year as the Group moved from intensive development and proof activity towards commercial deployment. No impairment was required in 2025 and the carrying value of development costs at 31 December 2025 was £5.3m (2024: £4.3m).

Cash

Cash and cash equivalents at 31 December 2025 were £4.0m (2024: £0.3m). The increase reflected successful equity raises completed in January and September 2025, which generated gross proceeds of £13.7m in aggregate (£12.3m net proceeds). Net cash used in operating activities was £7.4m (2024: £5.9m), reflecting the continued investment in staff, commercialisation activity and working capital for the MFE220. Net cash used in investing activities was £1.1m (2024: net inflow of £3.7m), primarily due to capitalised development expenditure. Expenditure on fixed assets significantly reduced to only £37k (2024: £241k), reflecting the strong focus on cost control during the year. Financing activities generated £12.1m (2024: £0.02m) mostly attributable to the 2025 equity raises previously mentioned.

Accounting treatment of the incident

The incident that occurred on 28 May 2026 has had several consequential effects, including scrapping the damaged unit, the settlement of a customer contract, a change in business strategy to licencing and manufacturing partnerships, and a potential insurance recovery. These have been treated as a non-adjusting post balance sheet date event, as the evidence suggests that the conditions causing the incident occurred after 31 December 2025. Refer to note 22 to the financial statements for further information.

Going concern

On the 30 June 2026, CPH2 launched an equity fundraise seeking £3.3m (net) in investment to support the Company in achieving its next milestones. The fundraising will be over two tranches. The successful first tranche fundraise was agreed on 30 June 2026, raising £2.5m gross proceeds. The Board received comfort letters from its brokers for the second tranche for an additional £3m. The second tranche of up to £7.5m is subject to shareholder approval at the general meeting, expected during week commencing 20 July 2026. The Board is confident that shareholders will vote in favour of the resolution, following which funds will be released. In assessing the Group's ability to continue as a going concern, the Board has prepared cash flow forecasts for the period to 30 June 2027, being at least twelve months from the expected date of approval of the financial statements. The forecasts assume completion of the proposed fundraising in two tranches and implementation of the planned restructuring actions. The first tranche is expected to provide short-term liquidity. Completion of the second tranche, which is subject to approval of the necessary share issuance authorities at a general meeting, is required to provide sufficient funding for the full going concern assessment period and is not wholly within the Group's control at the date of approval of the financial statements.

The Directors consider that there is a reasonable basis to expect the proposed fundraising to complete and, on that basis, that the Company and the Group will have adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis. However, as completion of the second tranche is not wholly within the Group's control at the date of approval of the financial statements, this condition indicates the existence of a material uncertainty which may cast doubt on the Company's and the Group's ability to continue as a going concern.

Upon reviewing the financial forecasts and carefully considering a number of scenarios, these show that the Company and the Group will be able to operate within the level of cash reserves and that Directors have a reasonable expectation that CPH2 have adequate resources to continue in operational existence for a period of 12 months from the date of approval of these financial statements and consider the going concern basis to be appropriate.

Outlook

Whilst the incident has been very disappointing, I am pleased to say that following an accelerated restructuring and repositioning program, combined with the fundraise, CPH2 is well-positioned to capitalise on its valuable intellectual property portfolio in a more sustainable, lower cost manner.

James Hobson
Chief Financial Officer

30 June 2026

PRINCIPAL RISKS & UNCERTAINTIES

The Board is responsible for the Group's risk framework and aims to ensure that the Group's ability to achieve its objectives outweighs its risk exposure.

However, the Group's risk management programme can only provide reasonable, but not absolute, assurance that principal risks are managed to an acceptable level. The Audit and Risk Committee assists the Board in monitoring the effectiveness of our risk management and internal control policies, procedures, and systems. The Board actively assesses risk, with management and mitigation of risks discussed at every Board meeting.

The Executive Directors are responsible for identifying, managing, and mitigating the risks to the Company. The Board and its Audit and Risk Committee review key risks and mitigations and the Audit and Risk Committee subsequently makes recommendations to the Board as to changes in the Group's risks which are then included in the Annual Report.

The Group's principal business risks and mitigation actions are set out below. This summary is not intended to include all risks that could ultimately impact our business and the risks are presented in no particular order.

Risk	Mitigating procedures
Technology	
The Group's business is dependent on the MFE™ technology working safely, reliably and in accordance with regulations.	The successful commissioning, testing, integration and operation of the scaled demonstrator (MFE110) on a customer's site has significantly reduced technology and execution risk. The Company's first commercial MFE220 successfully passed FAT1 and FAT2. During May 2026, structural damage was sustained by the MFE220 electrolyser as it was completing its final FAT3 testing at our dedicated test-site facility. The initial, internal assessment is that a hydrogen-oxygen mixture ignited during an automated depressurisation of the system, causing a loss of containment. The initial report is nonetheless quite extensive and has been established that the Group's proprietary membrane-free stack and associated separators were not the cause of the incident. It indicates three potential causes of the ignition that were outside these components. A full root-cause-analysis will be undertaken by an experienced external consultant, from which further component level testing and eventually design changes can be made.
Intellectual property	
The Group's success depends in part on its ability to protect its rights in relation to its intellectual property.	16 patents across 12 jurisdictions have been granted, including USA, Japan, India, and across the Middle East and Europe, with a further 17 patents pending. These patents are in place to protect key technology advantages, and a proactive approach is taken in early assessment of potential inventive actions and filing new patents. An international patent is first sought for, followed by national patent applications in certain targeted countries. Region coverage is reviewed on a periodic basis. Successful manufacture and deployment of the technology is dependent not only on information contained in patents, but also on internally developed know how relating to the integrated system design and manufacturing requirements. Contractual provisions including current and former employees, prospective and existing suppliers, contractors and licensees are undertaken to preserve the Group's intellectual property rights. During the year the Group enhanced its cyber security and IT security protocols in relation to network, access controls and network security measures to ensure robust protection.

Risk	Mitigating procedures
Marked adoption and commercialisation	
The Group's commercialisation strategy depends upon converting the commercial interest in the technology into contracted commercial agreements as well as continued market demand for hydrogen.	The successful operation of the MFE110 on a customer's site during the year has provided further validation of the technology operating at scale, demonstrating commercially attractive 99.999%vol high purity hydrogen and 99.7% high purity oxygen. The MFE110 attracted a high level of commercial interest and many visits were arranged. In July 2025 the Company recruited a highly experienced Chief Commercial Officer. The qualified commercial pipeline grew by 160% over twelve months to 30 April 2026, at over £90m prior to the incident and subsequent change in business strategy. In June 2026, the Board resolved to appoint the Chief Commercial Officer to the role of Chief Executive Officer to lead the new strategy. Commercial traction has already begun under the new strategy with a term sheet agreed with Hidrigin in June 2026 to enter into an exclusivity arrangement for a nine-month period to negotiate and complete a Strategic Partnership and Manufacturing and Technology Development Agreement. The market for hydrogen has continued to grow year on year consistently and The International Energy Agency forecasts that the production of low emission hydrogen will grow from its 2024 level six-fold by 2030.
Product development	
The Group's long term financial sustainability is dependent on developing commercially attractive MFE™ technology which generates good returns for its customers.	The on-site operational data obtained in a customer's operating environment has reaffirmed the key characteristics of the MFETM technology, with independently validated 99.999%vol high purity hydrogen and 99.7% high purity oxygen consistently demonstrated. Work is underway on a technology roadmap targeting 48kWh/kg efficiency and other research and designs that provide solutions to the growing hydrogen industry.
Financial	
The Group requires sufficient funds in order to finalise development and see through early stages of scale-up.	Cash spend is closely monitored, alongside improved internal reporting and controls. Clear responsibilities to ensure cash is carefully managed and the Group ensures capital is prudently allocated. Expenditure is targeted only on necessary activities, and all other non-essential expenditure has been curtailed. Regular cash forecasting and reporting to the Board ensures notice of any funding requirement would be identified well in advance. The Group completed two successful raises during 2025 raising a combined £13.7m gross proceeds. Following the incident on 28 May 2026, the Company transitioned to a more capital-light business model. From this a dedicated effort has been made to restructure and significantly reduce costs to achieve a substantially lower cash burn going forward. On 30 June 2026 the Group agreed a placing of shares at 1.5 pence per share, raising £2.5m gross proceeds as part of a broader fundraise up to £10m including share subscriptions, which will be subject to a shareholders general meeting.
Actions of licensees	
As licensees will be producing CPH2 products, CPH2 can be exposed to the actions of its partners.	Agreements signed with all manufacturing partners, giving CPH2 rights to full and close oversight of all operations, and commercial activities in respect to CPH2 electrolyzers built by them. In addition, the agreements contain warranties and guarantees, requirement for levels of insurance as well as carefully identifying legal responsibility in respect of the actions of the partners.

CHAIR'S INTRODUCTION TO GOVERNANCE

As Non-Executive Chair, I work closely with my fellow Board members to maintain high standards of governance and to ensure the Company has robust structures and processes in place to support effective decision-making and sound risk management.

The Board recognises the importance of strong corporate governance and has adopted The Quoted Companies Alliance ("QCA") Corporate Governance Code (2018), as updated in 2023 (the "2023 QCA Code"), which we consider to be the most appropriate recognised governance code for a company whose shares are admitted to trading on the AIM market of the London Stock Exchange. The Company aims to comply, as far as practicable, with the 2023 QCA Code in order to uphold the highest possible standards of governance.

The 2023 QCA Code offers a strong framework to help the Company maintain effective governance, reinforce its governance culture, and build a successful and sustainable business for the benefit of all stakeholders.

The 2023 QCA Code comprises ten principles which the Company is required to follow, together with certain disclosures that must be made both within this report and on the Company's website. The Board has assessed the Company's alignment with the provisions of the 2023 QCA Code and has made appropriate changes to practices and reporting to support compliance, as far as possible, with the 2023 QCA Code. The Company's website disclosures can be found at www.cph2.com/about/corporate-governance.

The Directors recognise the value of high standards of corporate governance and believe these standards are in the best interests of all stakeholders. The Corporate Governance Statement below describes the structures, processes and procedures the Board has established to uphold these standards across the Company.

Chris Train
Chair



The Directors recognise the value of high standards of corporate governance and believe these standards are in the best interests of all stakeholders.

The Current Board

The Board of Directors

Chair

Chris Train
Independent Non-Executive Chair

Executive Directors

Jonathan Duffy
Chief Executive Officer
James Hobson
Chief Financial Officer

Non-Executive Directors

Natalie Fortescue
Independent Non-Executive Director
Rick Smith
Independent Non-Executive Director

The Future Board

The Board of Directors

Chair

Natalie Fortescue
Independent Non-Executive Chair

Executive Directors

Richard Scott
Chief Executive Officer-Designate
James Hobson
Chief Financial Officer

Non-Executive Directors

Rick Smith
Independent Non-Executive Director

Audit and Risk Committee

Membership
Natalie Fortescue (Chair)
Rick Smith

Remuneration Committee

Membership
Rick Smith (Chair)
Natalie Fortescue
Chris Train*

* Mr Train has offered his resignation to the Board and will step down from his role in July 2026.

BOARD OF DIRECTORS

A broad balance of skills and experience

Chris Train OBE

Independent
Non-Executive Chair

Appointed: 2022

Experience & expertise:

- Experienced board member and chief executive officer.
- Proven track record of delivery working in the energy and utilities industries.
- CEO, Cadent Gas Limited and National Grid Gas Distribution Limited.
- Chair, Net Gas Health Safety and Environment Committee.
- Chair, Nuclear Decommissioning Authority.

Other commitments:

- Chair of Sellafield Ltd.
- Executive Director, CT Energy.

Chris Train has offered his resignation to the Board and will step down from his role in July 2026.



Jonathan Richard Duffy

Chief Executive Officer

Appointed: 2021

Experience & expertise:

- Tasked with taking CPH2 from a start-up green technology company through to full commercialisation and beyond.
- Successfully led CPH2 through an IPO and listing on LSE AIM in nine months.
- Executive roles in agriculture and the food and drinks industries.
- Performance improvement of SME's, multinational and FTSE 100 companies.

Other Commitments:

- Non-Executive Director, Unibio International plc.

Jon Duffy has offered his resignation to the Board and will step down from his role in July 2026.

James Hobson

Chief Financial Officer

Appointed: 2022

Experience & expertise:

- Experienced Board member and finance executive, over a decade of AIM Board experience.
- Fellow of Chartered Accountants Australia & New Zealand.
- Fundraise, acquisitions and divestments, due diligence and appraisals.
- Advising boards on funding, financial, strategic, investor relations, corporate governance, and operational matters.

Other Commitments:

- None.

Natalie Jayne Fortescue

Independent Non-Executive Director & Independent Non-Executive Chair designate

Appointed: 2022

Experience & expertise:

- Over 25 years advising companies on corporate finance transactions, fundraising, strategy, debt refinancing and restructurings, investor relations and the impact of corporate transactions on stakeholders.
- A chartered accountant and experienced capital markets professional.
- Premier Oil plc, Various corporate finance roles.
- Genel Energy plc, Head of Investor Relations.
- Corporate Broker, Oriel Securities (now Stifel Europe).
- Investec, Investment Banker.

Other Commitments:

- Director, Futh Consulting Limited.
- Trustee of Great Britain Wheelchair Rugby Limited.

The Board has agreed for Natalie Fortescue to be appointed as Independent Non-Executive Chair in July 2026.

Rick Brent Smith

Independent Non-Executive Director

Appointed: 2021

Experience & expertise:

- Professional Accountant, with background in multinational manufacturing businesses.
- Consultancy with Private Equity Houses, advising on their M&A activity and business consolidation across Europe and North Africa.
- Turnaround lead, including numerous acquisitions/divestments and commercial/operational development across US, Europe, and Asia manufacturing facilities.
- Chesapeake Ltd, CFO.
- Experienced Managing Director, various companies.
- Multi Packaging Solutions ("MPS") Executive Vice President and member of the Operating Board responsible for the Asian Operations, Corporate Development, and the Innovation Group.

Other Commitments:

- Senior Advisor, Radial Equity.
- Director of Shireoaks Property Ltd.
- Director of RBS Enterprises (Southwell) Ltd.
- Director of Southwell Property Services Ltd.
- Director of Poplars Advisory Limited.

Key

-  Audit and Risk Committee member
-  Audit and Risk Committee Chair
-  Remuneration Committee member
-  Remuneration Committee Chair



SENIOR LEADERSHIP TEAM

Richard Scott

Chief Commercial Officer & Chief Executive Officer Designate

Experience & expertise:

- Internationally experienced commercial executive with over 8 years in the Hydrogen sector across Europe, Middle East and the USA
- MBA, international business leader in the energy industry for over 25 years, focused on alternative energy.
- Formerly Executive Vice President at ACME GreenTech Group UAE, Vice President at World Kinect Corporation – a US Fortune 100 and senior roles at E.ON and G.E.
- Previous advisory roles include Non-Executive Director of the UK Business Council for Sustainable Development, Commissioner of the City of Sheffield Green Commission.

The Board has agreed for Richard Scott to be appointed as Chief Executive Officer in July 2026.

Paul Cassidy

Chief Technical Officer

Experience & expertise:

- Substantial knowledge in the engineering and technology field.
- Significant experience in the methanol industry and its linked application in hydrogen-based technologies.
- Track record of scaling up technologies from the laboratory to implementation at a commercial scale.
- Master of Engineering from the University of Cambridge.
- Multiple award winner; 2016 Institution of Chemical Engineers Global Awards, Outstanding Achievement Award, Industry Project Award for Gas Heated Reforming Development and Commercialization, and the 2014 Institution of Chemical Engineers Sustainable Technology Award.

Asif Hussain

Chief Operations Director

Experience & expertise:

- An experienced manufacturing professional within highly regulated industries.
- Results-driven, dynamic, and passionate with over 20 years in the automotive, aerospace, mining and energy sectors.
- Has led R&D projects resulting in significant margin improvement while reducing lead times.
- Implemented multiple Six Sigma projects to improve efficiencies and lower variances, significantly improving profitability.
- Expertise encompasses lean methodologies and Kaizen practices.

Joe Scott

Managing Director CPH2 Ireland

Experience & expertise:

- A qualified production engineer who specialises in R&D of advanced machining technology.
- Significant experience and knowledge in product development and design.
- Established a tool and mould-making company in Ireland in 1975, where he developed the first CAD/CAM-based paperless tool-making processes.
- Owner of highly successful injection moulding company since 1997.

CORPORATE GOVERNANCE STATEMENT

The 2023 QCA Code sets out ten broad principles that focus on the pursuit of medium to long-term value for shareholders by improving and sustaining performance whilst reducing or mitigating the risks that a company faces as it seeks to create sustainable growth over the medium to long term.

This Statement of Compliance sets out the 2023 QCA Code principles below and provides an explanation of how the Company applies each principle and the reasons for any instances of non-compliance.

Principle 1: Establish a purpose, strategy and business model which promote long-term value for shareholders.

CPH2 is a UK-based global technology company providing a brand-new category of electrolysis solution utilising its proven and patented MFE™ technology. The details of our purpose, strategy and business model are set out in the Strategic Report. The Strategic Report also sets out the key challenges being faced by the Company and how these are being addressed and overcome.

The Company's purpose is "to liberate the hydrogen industry by creating value for our industrial partners through

technology solutions for better, lower cost, more reliable electrolysis and handling of mixed gases globally". Following the transition and change in leadership our new strategy, which is derived from our purpose, is now centred on the efficient commercialisation and further global licensing of our intellectual property, with additional strategic and manufacturing partnerships already being progressed. This will be achieved by exploiting accelerating AI capabilities to enhance process control, visualisation and safety management in the growing hydrogen industry.

The Company's strategy has been set by the Board, in line with the Company's vision and mission and the detailed strategic plans are developed by the Chief Executive Officer, the Chief Financial Officer and the senior management team, and approved by the Board. Progress is actively tracked and reviewed by the Board, to ensure it establishes a balance between the interests of management and the Company's stakeholders. The senior management team, led by the Chief Executive Officer, is responsible for the effective delivery and implementation of the strategy.

Principle 2: Promote a corporate culture that is based on ethical values and behaviours.

The Board understands that a high level of corporate culture, conduct and ethical values leads to a successful business.

The Board seeks to promote an open, authentic and inclusive work culture that encourages employee expression and fosters trust, respect and creativity.

The Board firmly believes that corporate culture starts with leaders setting the tone for values, behaviours and expectations throughout the Company. The Board and the Executives seek to embody the Company's values in all their decisions and actions and regularly communicate the values in their internal messaging and daily interactions.

The Company's staff are its greatest asset in achieving the strategic objective to develop and license technology for our global partners that deliver better, safer, more efficient electrolysis solutions and handling of mixed gases to generate the lowest lifetime levelised cost of hydrogen, and as such the Board recognises that it is vital to continue attracting and retaining the best talent. The Company works hard to create an environment in which employees at all levels can thrive, develop and achieve their ambitions, and do so in ways that first and foremost promote the Company's values. Employees are encouraged to join operational committees and actively participate in the decision-making and operational management. A staff away day was held during 2025 to update all employees on Company progress. This was followed by a staff survey based on Gallup 12 which had a high response rate and the areas identified for improvement are being addressed.

The Company has a Code of Conduct, an Anti-Bribery and Corruption Policy and a Modern Slavery Statement. The Company also has policies and procedures relating to whistleblowing which state the Company's commitment to conducting its business with honesty and integrity, its expectation that staff will maintain high standards, and the arrangements for the workforce to raise concerns, in confidence and anonymously, about possible wrongdoing. The appointment of the Chair of the Audit and Risk Committee has been designated as the Whistleblowing Champion, reinforcing that the Company has an open culture where concerns are taken seriously and acted upon.

The Company has an induction process in place for all new employees that covers the Company's relevant policies and procedures, as well as cultural orientation as part of new employee onboarding. The Company also offers ongoing training and refreshers for existing employees where appropriate.

Principle 3: Seek to understand and meet shareholder needs and expectations.

The Board places great importance on having positive relationships with all shareholders and seeks to ensure that an appropriate and proactive level of communication takes place through multiple platforms so that the Company's strategy and performance are clearly understood.

The Company engages with its shareholders through London Stock Exchange regulatory announcements, providing financial results on a half-yearly basis, operational updates to maintain information on overall performance, additional news flow when there is a significant development and releases relating to matters of material importance to the Company's business. During 2025, the Company presented at a number of investor events and webinars, including Mello2025, to articulate its strategy and raise investor awareness.

The Company maintains an informative and regularly updated website www.cph2.com through which shareholders can obtain copies of the Company's Annual Report, interim results and other regulatory documents and regulatory news service releases. The website includes copies of all presentations made to analysts, shareholders and the general market and includes contact details to support open channels of communication and feedback (investor@cph2.com).

The Company's AGM is a regular opportunity for shareholders to meet with the Board and receive a corporate presentation. There is also an opportunity for shareholders to ask questions after the presentation, during the formal business of the meeting and informally following the meeting and present their views to the whole Board.

The Board welcomes the attendance and participation of all shareholders at the Company's AGM. Shareholder voting on AGM resolutions is monitored and reported.

Beyond the AGM, the Board maintains a proactive approach to engagement with investors and major shareholders throughout the year, addressing any concerns raised and considering suggestions to further align with shareholder expectations. This ongoing dialogue underscores the Company's commitment to fostering transparency and trust with its shareholder community.

The Chief Executive Officer and the Chief Financial Officer are together responsible for shareholder liaison and are a listening board for shareholders. The Chief Executive Officer and the Chief Financial Officer extensively engage with the Company's corporate broker and meet regularly with investors and analysts to provide them with presentations of the Company's announcements of the year-end results and the half-year results as well as updates on the business and to obtain investor feedback regarding the market's expectations of the Company. The IR activities encompass dialogue with both institutional and private investors.

The Chair leads on ensuring that there is proactive engagement with shareholders on governance matters. The Chairs of the Audit and Risk Committee and the Remuneration Committee also make themselves available to meet with shareholders and attend the AGM to answer shareholder questions regarding the activities of their respective committees.

Principle 4: Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success.

CPH2's business is at the heart of the green hydrogen industry, and the Directors believe the Company is playing a significant part in the drive towards clean energy and net zero targets.

The Board's primary goal is to create shareholder value in a responsible way that serves all stakeholders. The Board considers its key stakeholders to be its employees, customers, manufacturing partners, shareholders, suppliers and the communities and environment in which it operates. There are systems in place to solicit, consider and act on feedback from all stakeholders. We value the feedback we receive from our stakeholders, and we take every opportunity to ensure that, where possible, their wishes are duly considered.

Our employees in particular are fundamental to both the delivery of our strategy, whilst upholding our reputation and positively contributing to the communities in which CPH2 operates. We prioritise the health, safety and wellbeing of our employees and seek to foster an inclusive, supportive and engaging workplace that offers challenges and opportunities for growth. We value an open, authentic and inclusive work culture that encourages employee expression and fosters trust, respect and creativity.

The Company also has policies and procedures relating to whistleblowing which are overseen by the Audit and Risk Committee. These state the Company's commitment to conducting its business with honesty and integrity, its expectation that staff will maintain high standards, and the arrangements for the workforce to raise concerns, in confidence and anonymously, about possible wrongdoing. The Audit and Risk Committee also ensures that there are arrangements which allow for proportionate and independent investigation of whistleblowing matters and appropriate follow-up action. The Chair of the Audit and Risk Committee has been appointed as the Whistleblowing Officer.

Sustainability is a fundamental part of CPH2's identity, with its approach aligning with the UN 2030 Agenda for Sustainable Development. The Board sets the tone on all ESG issues and is working on developing a strategy to include KPIs to track performance on ESG matters.

Principle 5: Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation.

The Company's approach to the management and identification of risk is set out in the Principal Risks and Uncertainties section of the Strategic Report.

The Board has ultimate responsibility for the Company's risk management process and is supported in this by the Audit and Risk Committee, which oversees the risks facing the Company, and the effectiveness of the systems to manage and mitigate those risks. The Audit and Risk Committee is responsible for ensuring that risk management and all key risks are presented to the Board.

Management and mitigation of risks are discussed by the Board at every Board meeting. As part of an in-depth risk project, a corporate risk register has been developed which is regularly reviewed by the Board and deep dives into the differing risk categories will be presented during 2026. Whilst the Board has overall accountability for key risks there are certain risks which are considered in detail by the Board and others are delegated to committees as appropriate.

In Q1 2026, the Audit and Risk Committee undertook a review of its Terms of Reference to ensure that it is operating effectively.

The Company's controls are subject to continuous improvement and are designed to manage and control risks rather than eliminate them. Mitigation can only provide reasonable, but not absolute, assurance against material misstatement or loss. As such, the Company maintains appropriate insurance cover for its activities, with the types of cover and insured values being reviewed on a periodic basis by the Board.

The Company remains committed to upholding the highest standards of quality, safety, and efficiency by aligning its operations with ISO (International Organization for Standardization) best practices. Demonstrating our dedication to continuous improvement and compliance, we have successfully: retained ISO 45001:2018 certification, following a comprehensive review of our Health & Safety Management System; completed the ISO 14001:2015 Environmental Management System surveillance audit, reaffirming our commitment to environmental sustainability; and achieved ISO 9001:2015 recertification, reinforcing our quality management excellence. These accomplishments reflect our ongoing efforts to enhance operational efficiency, regulatory compliance, and sustainable business practices.

The Audit and Risk Committee formally assesses the independence of the Company's auditor on an annual basis and considers that the auditor, its partners, senior managers and all individuals involved in the audit are independent. The Financial Reporting Council limits the amount of time that an audit engagement partner can be involved in the audit of a listed entity to five years before rotation is mandated. The Audit Engagement Partner for the Company has held the role for a collective period of four years.

Principle 6: Establish and maintain the Board as a well-functioning, balanced team led by the Chair.

Information on each of the Directors is provided in this Governance Report.

The Board currently comprises the Independent Non-Executive Chair, the Chief Executive Officer, the Chief Financial Officer and the Independent Non-Executive Directors. To lead our new strategy, Richard Scott, who was appointed to the role of Chief Commercial Officer in June 2025, is to assume the role of Chief Executive Officer alongside James Hobson, who will remain as Chief Financial Officer. Natalie Fortescue will become Non-Executive Chair, while Rick Smith will remain an Independent Non-Executive Director.

Jonathan Duffy, Chief Executive Officer, and Christopher Train, Non-Executive Chair, have both offered their resignations to the Board and will step down from their roles during July 2026.

All Directors have extensive and complementary skills, knowledge and experience covering industry and commercial, strategy, governance, technology and financial expertise which covers all of the current requirements of the Board. A skills audit was conducted in 2025 to identify key gaps in order to support succession planning.

As the Company grows, the Board will have oversight of the Company's requirements to ensure that the make-up of the Board is

CORPORATE GOVERNANCE STATEMENT CONTINUED

kept in line with the Company's needs and provides the necessary mix of experience, skills, personal qualities and capabilities to oversee the Company. Full consideration is given to maintaining a healthy diversity where this is possible, including gender and ethnic diversity, and ensuring that there is sufficient wide-ranging and business-relevant input to deliver the best decision-making process.

The Chair is responsible for leadership of the Board and the Board's approach to corporate governance. The Board adheres to the 2023 QCA Code recommendation that a board should have at least two independent directors.

The Board has reviewed the independence of the Non-Executive Directors and confirms that, following the resignation of Chris Train from the Board, Natalie Fortescue and Rick Smith who holds options in the Company, are considered by the Board to be independent.

Rick Smith has substantial experience as a senior executive within a number of large organisations and as a consultant to private equity firms. His contribution to CPH2 in its early stages of development was invaluable and he was compensated with the grant of options.

The Board meets regularly and is provided with information on a timely basis. The Board works as a team drawing on its members' in-depth experience of strategy, technology, international and financial matters. Meetings are characterised by debate and active idea generation and management are rigorously challenged and held to account.

The Board also actively seeks to develop and improve the information flow of the business to better inform it of the progress, challenges and opportunities it faces.

The Board is supported by the Audit and Risk Committee and the Remuneration Committee, and the members of these committees have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Further information is set out in the Audit and Risk Committee Report and the Directors' Remuneration Report. The Board acts as the Nomination Committee which leads the process for appointments, ensures plans are in place for orderly succession to both the Board and senior management positions and overseeing the development of a diverse pipeline for succession.

The Executive Directors are expected to devote substantially the whole of their time to their duties with the Company. The Chair and the Non-Executive Directors have a lesser time commitment which is set out in their letter of appointment. It is anticipated that Chair and the Non-Executives will dedicate such time as necessary in order to fulfil their duties as Board members and as members from time to time of Board Committees.

There is no formal policy restricting the Directors' external appointments, however the Board reviews external appointments and time commitments at least annually, and each Director discusses with the Chair any proposed additional appointments prior to being appointed.

Non-Executive Directors are not awarded any performance-related pay.

Attendance of Directors at committee meetings held during the last financial year and which they were eligible to attend, is set out in the Directors' Remuneration Report and the Audit and Risk Committee Report.

The Board has agreed that at the 2026 Annual General Meeting all presiding Directors will stand for annual re-election in accordance with the 2023 QCA Code.

Attendance at the Board meetings held during the last financial year is shown in the table on this page:

Director	Meetings eligible to attend	Actual attendance
Number of meetings in the year to 31 December 2025	14	14
Chris Train (Chair)	14	13
Jonathan Duffy	14	14
James Hobson	14	14
Rick Smith	14	14
Natalie Fortescue	14	14

Principle 7: Maintain appropriate governance structures and ensure that individually and collectively the Directors have the necessary up-to-date experience, skills and capabilities.

The Board recognises the importance of high standards of corporate governance and has sought to address the matter in a proportionate way having regard to the size and resources of the Company. This will be regularly reviewed as the Company grows.

The Non-Executive Chair has ultimate responsibility for the leadership of the Board and the Company's approach to corporate governance. The long-term success of the Company is the responsibility of the Board, which comprises three Non-Executive Directors, including the Non-Executive Chair, and two Executive Directors, namely, the Chief Executive Officer and the Chief Financial Officer. The Board as a whole is responsible for directing, providing appropriate advice, and supervising the Company's business strategy, and is responsible to shareholders for the Company's financial and operational performance, as well as its risk management.

The Executive Directors have responsibility for the operational management of the Company's activities. The Chief Executive Officer has ultimate responsibility for implementing and delivering the strategic and commercial objectives of the Board and managing the day-to-day business activities of the Company.

The Non-Executive Directors are responsible for bringing independent and objective oversight and judgement to Board decisions. The Chair has ultimate responsibility for the operation, leadership and governance of the Board and the Company's approach to corporate governance.

The Board has a formal schedule of matters reserved for the Board which include the determination of strategy, operational and financial decisions, the approval of budgets and major capital expenditure.

The CPH2 Board and its subsidiary Boards have a strong breadth and depth of highly relevant experience, skills and knowledge for the business. The Board regularly reviews the composition of both the CPH2 Board and the Company Board to ensure that they have the necessary skills to support the ongoing development and growth of the business and to fulfil its governance responsibilities.

The Board is satisfied that it has a suitable mix of skills, experience and competencies on both the CPH2 Board and Company Boards to enable the Company to deliver its strategy for the benefit of its shareholders over the medium to long term. Information on each of the Directors is provided in this Governance Report.

Directors are required to keep their skills sets up to date through membership of professional bodies, attendances at conferences and forums, through their various external appointments and with ongoing training and development. The Directors regularly share sector updates and news articles to stay up to date with relevant industry developments.

The Board has put in place a training schedule for regular updates and annual refreshers to cover the AIM Rules, Director Duties and obligations under MAR provided by the Company's Nominated Adviser, legal advisers and the Company Secretary. In 2025, the Directors received an overview on the 2023 QCA Code and the application of the ten principles from the Company Secretary, an update on the Takeover Code, including the regulatory context and the practical and regulatory considerations for the Board from the Nominated Adviser and a refresher on Directors Duties from the in-house Legal Counsel.

The Board were also provided with information on the London Stock Exchange feedback statement to the

Discussion Paper – Shaping the Future of AIM and the changes to EIS and VCT limits announced as part of the Budget.

The Board is supported by the Audit and Risk Committee and the Remuneration Committee, and the members of these Committees have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Further information is set out in the Audit and Risk Committee Report and the Remuneration Committee Report in the Director section of the report.

Each committee has formal Terms of Reference which are reviewed and revised annually. The Audit and Risk Committee is chaired by Natalie Fortescue, and the Remuneration Committee is chaired by Rick Smith. Membership of both committees during the last financial year comprised exclusively of Non-Executive Directors.

During the year the Remuneration Committee engaged remuneration consultants to assist in various matters relating to executive remuneration.

The Directors have access to the Company's Nominated Adviser, Company Secretary and lawyers and are able to obtain advice from other external bodies as and when required.

The Directors are in regular dialogue with the Company's Nominated Adviser. The Nominated Adviser provides ongoing advice on matters pertaining to the Company's compliance with the AIM Rules for Companies.

The Company Secretary advises on corporate governance and attends and minutes all Board and Committee meetings. The Company Secretary works closely with the Chair, Chief Financial Officer as well as other Board members and advisers of the Company as and when required.

Lawyers are engaged to provide legal advice when required by the management team and by the Board or Committees.

Principle 8: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The Board appreciates that an annual performance evaluation of the Board is crucial for effective governance and the development of the Board's capabilities and its effectiveness.

A formal external Board evaluation was conducted in Q1 2025 which covered Board Structure, Performance, Strategic Oversight, Risk Management, Leadership, Dynamics, Committees and Governance. All Directors completed the evaluation and a report of findings and recommendations was presented to the Board. The process provided greater insight into the functioning of the Board and will support the continued development of the performance of the Board and its Committees. The report proposed a number of recommendations including holding an annual strategy day, preparing a skills matrix to inform Board succession, formalising the risk register, implementing ongoing training for the Board, introducing an annual NED site visit and a number of administrative improvements.

The Board is pleased to report that a number of the recommended actions have been completed during the year. A strategy offsite was held in November 2025 and formal strategic priorities and objectives have been set. A risk project was initiated, and a formal risk register is now presented at Board meetings, the Non-Executive Directors had held an informal 'meet the Board' session with staff and all directors received training on the 2023 QCA Code principles, the Takeover Code and Directors Duties. A skills audit was undertaken and the gaps identified. The remaining recommendations are actively being progressed.

All Directors will undergo a performance evaluation before being proposed for re-election to ensure that their performance is and continues to be effective, that, where appropriate, they continue to be independent and that they remain committed to their roles. They will be individually assessed on an annual basis through which their performance against predetermined objectives will be reviewed and their personal and professional development needs considered. These evaluations should allow Directors to identify areas for improvement or training.

In addition, the Non-Executive Directors will meet, without the Chair present, and will evaluate the Chair's performance.

The Board regularly reviews its composition, particularly in conjunction with succession planning, and will utilise the results of performance evaluations when considering future Board composition and/or succession planning.

Principle 9: Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose, strategy and culture.

The Remuneration Committee meet regularly to discuss the remuneration structure to ensure that it motivates the executive teams and senior management team and promotes the long-term growth of shareholder value.

Pay structures for the executive team and senior management team are simple and easy to understand and foster alignment with shareholders through building and holding a meaningful shareholding in the Company.

As set out in the Report of Remuneration Committee, the new Remuneration Policy will be subject to an advisory vote at the AGM.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.

The Board recognises the importance of providing its stakeholders, including shareholders and investors, with clear and transparent information on the Company's activities, strategy and financial position and does so in a number of ways, including:

- the Company's Annual Report and Accounts;
- full-year and half-year results announcements;
- other regulatory announcements;
- the Annual General Meeting;
- update meetings with existing shareholders;
- investor presentations; and
- disclosure of all shareholder voting on Annual General Meeting resolutions in a clear and transparent manner.

A range of corporate information, including Annual Reports and regulatory announcements is available to shareholders, investors and the public through the Company's website which is regularly updated. Users, including all stakeholders, can register to be alerted via email when material announcements are made. The Company's contact details are on the website should stakeholders wish to make enquiries of the management from time to time.

The Company's Annual Reports and Circulars and Notices of Annual General Meetings for prior years can be found on the Investors section of the Company's website www.cph2.com.

The results of all shareholder voting on Annual General Meeting resolutions are posted to the Company's website and include any actions taken or to be taken as a result of resolutions for which votes against a resolution have been received from at least 20% of independent votes.

The Company has published all of the disclosures set out under Principles 1–10.

AUDIT AND RISK COMMITTEE REPORT

Composition and role of the Audit and Risk Committee

The Audit and Risk Committee is responsible for the review and recommendations in respect of the Group's financial reporting, risk review and the review and recommendations in respect of the Group's risk management and internal control processes.

The role of the Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- the integrity of the financial and narrative statements and other financial information provided to shareholders;
- the Company's system of internal controls and risk management;
- the internal and external audit process and auditors; and
- the processes for compliance with laws, regulations and ethical codes of practice.

Membership of the Audit and Risk Committee during the period consisted of the Non-Executive Directors, Natalie Fortescue (Chair) and Rick Smith.

Attendance at Audit and Risk Committee meetings during the year ended 31 December 2025 was as follows:

Director	Meetings eligible to attend	Actual attendance
Natalie Fortescue (Chair)	3	3
Rick Smith	3	3

2025 Annual Report

The Committee considered whether the Annual Report was fair, balanced and understandable, and if the information provided was sufficient for a reader of the statements to understand the Group's position and performance, business model and strategy. The Committee discussed key audit matters with the auditor, including significant accounting judgements, the application of critical accounting policies, and areas of audit focus. Additionally, the Committee considered the auditor's approach to addressing risks, their findings, and their recommendations for enhancing financial reporting processes.

Significant financial reporting matters

When approving the financial statements for the year ended 31 December 2025, the Audit and Risk Committee considered the following significant financial reporting matters, estimates and judgements, amongst others.

Impairment reviews

Capitalised patent costs were assessed for potential impairment and £71k has been written off in relation to certain applications and regions that the Company were no longer pursuing. The remaining balance of capitalised patent costs (£231k) was assessed against likely future cash flows, and it was determined that no further impairment was necessary.

Capital development costs, inventory, fixed assets, investments in subsidiaries and intercompany loan balances (intercompany receivables for the Company) were also individually assessed in relation to potential impairment and no impairment was found. The Audit and Risk Committee received and considered reports from management on the above matters and taking into consideration input received from the external auditor, the Audit and Risk Committee consider management's judgement in relation to potential impairment appropriate.

Onerous contract

The Audit and Risk Committee reviewed and challenged management's assessment of an existing contract which has been considered onerous. This took into account the forecast of costs to complete against the expected proceeds as well as the contractual terms. The Committee approved the assessment and as a result, an onerous contract loss of £1.0m was recognised for the year ended 31 December 2025, and a £0.7m provision recognised for future losses in relation to the onerous contract.

Share-based payments

During the year 2025, 9.5m options were awarded to the Senior Leadership Team with 25% vesting on continued employment and 75% being subject to share price performance (TSR) conditions. The Monte Carlo model was used for the TSR conditions, and the Black-Scholes model for continued employment condition.

Other option awards during the year included 2,437,990 options to employees under a Save as You Earn Scheme and 1,038,984 options under the Salary Sacrifice Scheme (refer to Directors' Remuneration Report). The Black-Scholes option-pricing model was used to determine the value of these options awarded.

Reviewing the underlying key judgements in relation to the inputs, particularly volatility, and taking into consideration input received from the external auditors, the Audit and Risk Committee considers management's treatment to be appropriate.

Going concern

The Audit and Risk Committee reviewed the going concern assumptions, the prepared forecasts and scenarios, challenging the key variables and judgements by management. The Committee was satisfied that the Company had a reasonable expectation that the Company had sufficient funds for the 12 months from the date of this report. The disclosures in respect of going were duly considered and approved.

Accounting treatment of the incident

The incident that occurred on 28 May 2026 has had several consequential effects, including scrapping the damaged unit, a settlement of a customer contract, a change in business strategy to licencing and manufacturing partnerships, and a potential insurance recovery. The Audit and Risk Committee reviewed the evidence available to it including the internal incident investigation report and gave due consideration of management's interpretation and assessment of when the conditions causing the incident occurred, considering the views and assessment of the auditor. Recognising that a full external root cause analysis is still to be completed on the incident, based on the information available at the Reporting date, the Committee was satisfied that the incident and consequential effects were correctly treated as a non-adjusting post balance sheet date event. Following enquiry, the Committee duly considered the disclosure in relation to the post balance sheet date (note 22 of the financial statements) to be appropriate.

External auditor

At the Group's Annual General Meeting (AGM) in June 2025, PKF Littlejohn LLP was reappointed as the Group's external auditor for the year to 31 December 2025, to hold office until the 2026 AGM. PKF Littlejohn LLP has been the auditor since 2022 and David Thompson has remained the lead audit partner throughout this time.

During the year, the Committee reviewed PKF Littlejohn's audit plan including the scope of work to be undertaken as well as their reports on external audit findings, with particular focus on the areas set out above.

The Committee limits the scope of any non-audit services performed by the external auditor during the year to ensure there is no diminution of independence or objectivity. Non-audit fees paid to PKF Littlejohn LLP were for interim agreed upon procedures/review work which it was determined appropriate for the external auditor to undertake given its knowledge of the Group and the need for independent assurance. After careful consideration the Committee concluded that the external auditor was independent.

Effectiveness of the external auditor

The Committee also assessed the effectiveness of the external auditor, PKF Littlejohn LLP, and was satisfied that the advice the Company received has been objective and independent.

Audit fees paid to PKF Littlejohn during the year are disclosed in note 4 to the financial statements in this Annual Report. There were no non-audit fees for the year ended 31 December 2025 (2024: £nil).

Whistleblowing

During the year the Audit and Risk reviewed and revised the Company's Whistleblowing Policy, which the Chair of the Audit and Risk Committee has been appointed as the Whistleblowing Officer. This was widely communicated to staff and an event held to introduce the Chair to staff. There have been no whistleblowing reports made during the year to the date of this report.

Natalie Fortescue

Chair of Audit and Risk Committee

DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report outlines remuneration awarded to Directors and Non-Executive Directors during the year. As the Company's shares are quoted on the AIM market of the London Stock Exchange, the Company is required to report in accordance with the remuneration disclosure requirements of the AIM Rules. The Group is not required to prepare a Directors' Remuneration Report under Companies Act regulations and therefore this report may not contain all the information that would be included were the Group required to do so.

During 2025, the Committee considered the 2023 QCA Code which encourages companies to seek shareholders' approval of the Directors' Remuneration Report and the Directors' Remuneration Policy (the "Policy") on a voluntary basis. The Committee has undertaken a review of the Policy and recommended it to be approved by the Board. The Remuneration Committee had overall oversight of the Policy and independent external advisers provided independent specialist advice to the Remuneration Committee. The Board provided approval of the Policy in early 2026.

The Remuneration Committee will ask Clean Power Hydrogen's shareholders to approve this Directors Remuneration Report and the Directors Remuneration Policy described below at the 2026 AGM. The vote on the Directors Remuneration Report and the vote on the Directors Remuneration Policy will be advisory.

Role and Composition of the Remuneration Committee

The Remuneration Committee is a standing Committee of the Board and meets regularly to consider all material elements of remuneration policy, share schemes, the remuneration and incentivisation of Executive Directors and senior management and to make recommendations to the Board on the framework for executive remuneration and its cost.

The Committee assists the Board in discharging its oversight responsibilities relating to the attraction, compensation, evaluation and retention of Executive Directors and key senior management employees. The Committee aims to ensure that the Company has the right skills and expertise needed to enable the Company to achieve its goals and strategies and that fair and competitive compensation is awarded with appropriate performance incentives across the Company.

The Committee approves the remuneration of the Executive Directors, the Chair of the Board and advises on the remuneration of senior management. The Committee works within its terms of reference, and its role includes:

- Reviewing the Directors' Remuneration Policy regularly to ensure it remains appropriate, supports delivery of the Company's strategy and continues to promote long term shareholder value.
- Considering the Company's remuneration arrangements in the context of the QCA Code and evolving governance expectations, taking external advice where appropriate.
- Determining the individual remuneration packages for the Chair and the Executive Directors, having regard to market practice, individual responsibilities and the Company's circumstances.

- Overseeing the remuneration framework for senior management and reviews senior management pay and incentives, with input from the Chief Executive Officer.
- Setting the structure of the short term incentive plan ("STIP") for Executive Directors and senior management and determines whether awards should be made, and at what level, against the annual business plan and associated objectives.
- Determining the long term incentive plan ("LTIP") framework, including award levels and performance conditions, to support sustainable value creation.
- Selecting and appointing independent remuneration advisers and agreeing the scope of their engagement and terms of appointment.
- Making recommendations to the Board on the service contracts and notice periods for Executive Directors and other new senior appointments, where relevant.

Membership of the Remuneration Committee during the period consisted of the Independent Non-Executive Directors, Rick Smith (Chair), Chris Train and Natalie Fortescue.

Attendance at Remuneration Committee meetings during the year ended 31 December 2025 was as follows:

Director	Meetings eligible to attend	Actual attendance
Rick Smith (Chair)	5	5
Chris Train	5	5
Natalie Fortescue	5	5

The Directors' Remuneration Policy

The Committee has reviewed the Directors' Remuneration Policy during 2025, and was approved the Board on 27 March 2026.

Objectives of the policy

The Policy, effective from the date of approval, has been designed to attract, motivate and retain executives of the right calibre to deliver our corporate strategy while encouraging behaviours consistent with the Company's values. Overall, the Policy allows for competitive, but not excessive pay outcomes which balances and aligns with stakeholder outcomes.

Remuneration policy for Executive Directors

The following table summarises each element of the remuneration policy for the Executive Directors, explaining how each element operates and links to the corporate strategy.

Remuneration policy for the Chair and Non-Executive Directors

The fees policy for the Chair and the Non-Executive Directors is to provide a competitive fee to attract Non-Executive Directors who have the required skills and experience to oversee the implementation of the Company's strategy

Element of pay	Purpose/link to strategy
Base salary	Set to attract and retain individuals with the required capabilities to deliver the Company strategy.
Pension and other benefits	Encourage our employees to save for the long term. To provide cost-effective employment benefits and to encourage wellbeing.
Short Term Incentive Plan ("STIP")	To incentivise and reward the Executive Directors for achieving results based on targets set in line with the annual business plan.
Long-Term Incentive Plan ("LTIP")	To align the long-term interests of the Executive Directors with those of shareholders.
Share ownership requirement	To align the interests of Executive Directors and shareholders and encourage sustainable value creation.

Selection of performance measures and targets

The Remuneration Committee will choose the most appropriate performance measures for the STIPs and LTIPs based on the business strategy and targets. The measures, the weightings and the targets for each Executive Director may vary from year to year to reflect the strategic priorities of the business at the time.

Measures used may include financial, operational, HSE, ESG, strategic, individual or team-based non-financial metrics. The use of a combination of measures is intended to ensure performance is assessed on a complete basis. Performance targets are set on a basis so that they include appropriate levels of stretch, but without incentivising undue risk taking.

Discretion retained by the Committee in operating the incentive plans

The Committee will retain discretion to operate the Company's incentive plans in accordance with their rules and HMRC requirements. This includes determining plan participants, the timing and size of awards (within the approved policy), setting and adjusting performance measures, deciding leaver treatment, and determining the treatment of awards in corporate events. The Committee may also amend performance conditions if circumstances make the original measures inappropriate.

Wider workforce

The Remuneration Committee will consider the Remuneration Policy for the Executives Directors in the context of the remuneration policies and practices for the wider workforce as well as external and broader issues.

Policy on payment for departure from office

Service Agreements with Executive Directors will be structured to allow the Company to terminate an Executive Director's service agreement with immediate effect by payment in lieu of notice equal to the basic annual salary the Executive Director would have been entitled to receive during the notice period, payable as a lump sum or in equal monthly instalments. Such payment is subject to mitigation and may be reduced if the Executive Director secures alternative employment within that notice period.

The Committee will take into account the specific circumstances of the departure, the contractual entitlements, and rules of the relevant incentive plans when determining the termination treatment. Any payments to Executive Directors on termination will be disclosed in the respective Annual Report on Remuneration.

The Committee will determine whether an Executive Director is treated as a Good Leaver or Bad Leaver, having regard to the circumstances.

An Executive Director will normally be treated as a Good Leaver where employment ends due to death, ill health, injury or disability, redundancy, retirement with the Company's agreement, resignation with notice or any other reason determined by the Committee. In such cases, unvested awards may vest at the Committee's discretion, subject to performance conditions, pro-rating for time served (unless the Committee determines otherwise), and the application of malus and clawback provisions.

An Executive Director will normally be treated as a Bad Leaver where employment ends due to resignation without notice, dismissal for cause or gross misconduct, or material breach of contract. In such cases, unvested awards will lapse and vested but unexercised awards will normally lapse, in accordance with the rules of the relevant plan.

The Committee retains discretion to depart from the standard treatment where appropriate.

Any material exercise of discretion will be clearly disclosed in the Company's remuneration report.

Policy on a change of control

In the event of a change of control or similar occurrence, outstanding awards may vest early subject to any performance criteria assessment. The Committee retains the discretion to apply time pro-rating if considered appropriate.

Alternatively, awards may be rolled over into equivalent awards (with equivalent value) in any acquirer.

Annual Report on Remuneration

Directors' remuneration for 2025

The following table sets out the remuneration of the Company's Directors who served during the period 1 January 2025 to 31 December 2025 that was received or receivable.

	Salary and fees £000	Pension and benefits £000	Employer's NI £000	Discretionary Bonus £000	2025 £000	2024 £000
Executive Directors						
Jonathan Duffy	301	4	44	77	426	429
James Hobson	210	23	30	40	303	283
Non-Executive Directors						
Chris Train	77	—	9	—	86	84
Natalie Fortescue	46	—	6	—	52	50
Rick Smith	46	1	6	—	53	50
	680	28	95	117	920	896

Mr Duffy agreed, pending the successful Site Acceptance Test of the Company's first MFE220, to receive 20% of his salary in options for new Ordinary Shares in lieu of cash remuneration ("Salary Sacrifice Scheme") in order to preserve capital and ensure funds are directed towards project activities. Following this Mr Duffy's revised salary on an annualised basis is £249,000. The reduction in remuneration commenced from 1 October 2025.

Long-term incentive plans awarded during 2025

The Company operates a Long-Term Incentive Plan for Executive Directors and senior management to align the interest of executives with shareholders and to incentivise for growth and development of the Group.

In 2025, the following awards were made to Executive Directors:

	Date of grant	Time vesting (25%)	Absolute TSR (75%)	Total	Basis of award (% of salary)	Vesting date
Jonathan Duffy	29 May 2025	1,000,000	3,000,000	4,000,000	97%	31 Jan 2028
James Hobson	29 May 2025	500,000	1,500,000	2,000,000	69%	31 Jan 2028

The vesting criteria for the awarded LTIPs criteria includes sliding scale measures of share price performance (75% weighting) and continued employment (25%), in each respect for the period to 31 January 2028.

In addition, 1,038,984 options were awarded to Mr Jonathan Duffy under the Salary Sacrifice Scheme on 24 October 2025. The terms of the award comprises of an exercise price of 1p each, vesting at 30 June 2026 and an expiry ten years from the date of issue.

DIRECTORS' REMUNERATION REPORT CONTINUED

LTIPs options outstanding

Directors' interests in share options of the Company during the year were as follows:

	1 Jan 2025	Granted	Exercised	Cancelled or lapsed	31 Dec 2025	Exercise price	Date from which exercisable	Expiry date
Jonathan Duffy								
Options (unapproved)	2,652,245	—	—	—	2,652,245	£0.085	1 Jun 2024	9 Feb 2032
2023 EMI options (approved)	624,867	—	—	—	624,867	£0.01	31 Jan 2026	23 Feb 2034
2024 EMI options (approved)	646,738	—	—	—	646,738	£0.01	31 Jan 2027	23 Feb 2034
2025 EMI options (approved)	—	2,000,000	—	—	2,000,000	£0.01	31 Jan 2028	28 May 2035
2025 options (unapproved)	—	2,000,000	—	—	2,000,000	£0.01	31 Jan 2028	28 May 2035
Salary Sacrifice Options (unapproved)	—	1,038,984	—	—	1,038,984	£0.01	30 Jun 2026	22 Oct 2035
	3,923,850	5,038,984	—	—	8,962,834			
James Hobson								
EMI options (approved)	100,000	—	—	—	100,000	£0.4025	16 Jun 2024	15 Jun 2033
2023 EMI options (approved)	320,000	—	—	—	320,000	£0.01	31 Jan 2026	23 Feb 2034
2024 EMI options (approved)	331,200	—	—	—	331,200	£0.01	31 Jan 2027	23 Feb 2034
2025 EMI options (approved)	—	2,000,000	—	—	2,000,000	£0.01	31 Jan 2028	28 May 2035
	751,200	2,000,000	—	—	2,751,200			
Rick Smith								
Options (unapproved) ¹	2,000,000	—	—	—	2,000,000	£0.25	1 Feb 2022	31 Jan 2032
	2,000,000	—	—	—	2,000,000			

1. In consideration for the contribution made by Mr Rick Smith to CPH2 in its early stages of its development he was compensated with the grant of options in 2022 before the listing of Clean Power Hydrogen plc.

Directors' interests

The Directors had the following interests in shares in the Company as at 31 December 2025:

Director	Shares
Chris Train	381,817
Jonathan Duffy	8,823,084
James Hobson	161,666
Natalie Fortescue	151,666
Rick Smith	258,333

Rick Smith

Chair of Remuneration Committee

DIRECTORS' STATEMENT UNDER S.172(1) OF THE COMPANIES ACT 2006

Under the mandate of Section 172(1) of the Companies Act, the role of a director of the company is pivotal. They are not just required to act in good faith, but to actively advance the success of the company, for the benefit of the shareholders.

In doing so, the Directors must have regard, amongst other matters, to the following issues:

- the likely consequences of any decisions in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the Company's reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

The Board of Directors is, collectively, responsible for the decisions made towards the long-term success of the Company and details of how the strategic, operational and risk management decisions have been implemented throughout the business are included throughout the Strategic Report.

Our strategy is focused on driving meaningful growth for CPH2, which benefits our employees, manufacturing and supply chain partners, and shareholders, while also empowering our customers to produce green hydrogen – a key contributor to the global transition to net zero. In turn, this creates a positive impact and contributes to a more sustainable future for our community and those of all our stakeholders.

We are committed to being a responsible business, ensuring that our operations create long-term value for all stakeholders. By integrating strong governance, ethical practices, and sustainability into our strategy, we strive to make a positive impact on our employees, communities, and the environment while driving sustainable growth.

Our employees

Our people are the Company's primary asset, bringing a breadth of skills and diverse perspectives to the business. As noted in the Chief Executive's Review, they are central to delivering our strategy, protecting our reputation and making a positive contribution to the communities in which CPH2 operates. They embody the values and purpose of the Company, and their actions are guided by the goal of enhancing the societies where CPH2 operates while upholding the Company's reputation. The health, safety and wellbeing of our teams are paramount. We aim to maintain an inclusive, supportive and engaging workplace that provides challenge and clear opportunities for development. Collaboration and innovative thinking are encouraged, and we recognise colleagues who make an exceptional contribution both at work and in the wider community.

The Board is committed to ensuring a safe and healthy environment for employees and other stakeholders. Health & Safety continues to be a priority, underpinned by regular training, risk assessments and compliance reviews designed to maintain high standards and embed best practice. We engage with employees, regulators and industry bodies to reinforce a strong culture of safety and wellbeing and to support responsible business conduct. We contract external independent advisers to oversee the safety assessments of our electrolyzers. During the year, the Company retained ISO 45001:2018 following a review of the health & safety management system, successfully completed ISO 14001:2015 Environmental Management System surveillance audit and retained certification, and received ISO 9001 recertification.

We promote an open-door approach that supports active engagement across the organisation, including with the Senior Leadership Team. Clear communication remains a key focus internally and externally, supported by weekly meetings and whole-Company presentations, and away days so employees stay informed, feel included and can be heard. Employees also have access to an independent, third-party advisory service for HR-related matters or concerns.

Suppliers, customers and manufacturing partners

The Board recognises that strong relationships with suppliers, customers and manufacturing partners are vital to growth. The Executive Directors and senior management set the direction for new business ventures but are subject to the oversight, review and approval by the Board.

We engage regularly with customers and their contracted consultants, fostering a transparent, high-trust environment. By listening closely, we understand their needs and objectives and tailor our offering accordingly. Manufacturing partners are kept fully informed, supporting collaboration across all CPH2 departments.

A partnered approach with key suppliers supports efficient procurement and strategic growth of the supply chain. We hold regular meetings across our supplier network to ensure relationships remain collaborative and reflect respective needs.

The Board upholds ethical business behaviour and expects comparable practices from suppliers, customers and manufacturing partners. We value stakeholder feedback and, where possible, ensure their views are duly considered.

Community and environment

CPH2 is committed to meeting its social and environmental responsibilities and to making a positive contribution to the communities where we operate. Sustainability is central to the CPH2 vision and underpins our community engagement. We have supported local initiatives, including promoting Doncaster as a hydrogen hub to strengthen regional employment, membership of the Mayoral Business Advisory Group at the Doncaster Chamber of Commerce, providing STEM career advice to students, employee-led visits to primary schools and charitable activities.

We are focused on expanding opportunities for young people in South Yorkshire through apprenticeships and work placements, helping to build skills and improve employment prospects, where operational needs permit. We also partner with Queen's University Belfast to support academic research into the hydrogen economy and Loughborough University, where we sponsor a PhD candidate.

Sustainability shapes how the Company is run as well as what we deliver. We encourage lower-carbon commuting through cycle-to-work schemes, hybrid working and EV charging points to reduce the impact of travel.

Shareholders

The Board is committed to open engagement with all shareholders and recognises the importance of transparent, effective communication. As an AIM quoted company, we aim to provide fair and balanced information that is accessible to all stakeholders, and particularly our shareholders.

Our primary channel for regulatory and other material announcements is the Regulatory News Service. Our website provides business and investor information, including presentations, details of the Board and Committees, major shareholder changes, QCA Code disclosures and AIM Rule 26 updates, which are published promptly to keep shareholders informed. Annual reports, AGM notices, interim results and other investor materials are available online, alongside regular social media updates, and shareholders can register for email alerts on material announcements.

Shareholders can engage with the Board throughout the year through General Meetings, investor events and questions submitted by email. The AGM, in particular, provides an opportunity to ask questions and share views. The Board believes that effective two-way communication builds trust and ensures shareholders' perspectives are considered in decision-making.

Maintain high standards of business conduct

The Company is incorporated in the UK and governed by the Companies Act 2006. We have adopted the Quoted Companies Alliance Corporate Governance Code 2023 (the "QCA Code") and explain our compliance in the Corporate Governance Statement. The Board recognises the value of strong corporate governance which, together with compliance with the AIM Rules, helps safeguard stakeholder interests.

The Board is committed to the highest standards of ethics and integrity. The Company maintains a Code of Conduct, an Anti-Bribery and Corruption Policy and a Modern Slavery Statement, alongside whistleblowing policies that enable staff to raise concerns confidentially and reinforce expected standards of behaviour. The Chair of the Audit and Risk Committee is the appointed as the Company's Whistleblowing Officer.

The Board recognises the importance of robust financial controls to support efficient operations, mitigate risk and safeguard stakeholder interests. The Company has well-documented financial processes to promote integrity, accountability and effective decision-making. The Governance section sets out our approach and our commitment to responsible business practices.

Jon Duffy
Chief Executive Officer

On behalf of the Board

30 June 2026

REPORT OF THE DIRECTORS

Directors' Report for the year ended 31 December 2025

The Directors present their Annual Report and the consolidated financial statements for the year ended 31 December 2025.

Principal activities

Clean Power Hydrogen plc ("CPH2" or the "Company") is a public listed company incorporated and domiciled in England. The address of its registered office and principal place of business is disclosed at the end of this report. The Company's shares are quoted on the AIM Market of the London Stock Exchange.

The principal activity of the Company and Group is the commercialisation of a patented method of hydrogen and oxygen production together with the development of a gas separation technique which enables the generation of high purity hydrogen and high purity oxygen.

A review of the Group's business, including events since the year end and the outlook ahead, is set out in detail in the Strategic Report.

Results and dividends

The consolidated results of the Group for the year are set out in the Consolidated Statement of Comprehensive Income on page 39. The Directors do not recommend the payment of a dividend in respect of the current period (2024: £nil).

Events after the reporting date

Subsequent to the year end, an incident occurred in relation to a unit undergoing FAT. The unit build was not completed until February 2026, with further component adjustments made after 30 April 2026. This has had several consequential effects including scrapping the damaged unit, a settlement of the customer contract, a change in business strategy to licencing and manufacturing partnerships, and potential insurance recovery.

On 25 June 2026 the Group agreed a term sheet with Hidrigin, including principal terms for Hidrigin to subscribe for a £750k convertible loan note as well as parties agreeing an exclusivity arrangement lasting

nine months to negotiate and complete a Strategic Partnership and Manufacturing and Technology Development Agreement, with the opportunity for Hidrigin to serve as the exclusive manufacturing partner of CPH2 in the United Kingdom, Ireland, the United States, Canada and Mexico. The convertible loan is paid by way of converting interim payments held by the Group. The convertible loan note shall convert at a 46% discount to the price applicable to the relevant conversion event, subject to a gross pricing cap of 3.7 pence per Ordinary Share and a net floor price of 1 pence per Ordinary Share. It attracts a 10% interest rate and has specific, limited conversion triggers. The convertible loan note will be secured by way of a first ranking floating charge over the

assets and undertakings of the Company, which will be released on repayment of all amounts due under the agreement or on conversion of such amounts to equity.

On 26 June 2026 the Group agreed a full and final settlement of all matters with a customer, terminating the sales contract through payment of a settlement sum. The settlement is conditional upon the Group completing a fundraise.

On 30 June 2026 the Group agreed a placing of shares at 1.5 pence per share, subject to certain conditions including issuance and allotment of ordinary share. The placing is expected to result in £2.5m gross funds raised.

Directors

The Directors of the Company who held office during the year and as at the date of this report were as follows:

Director	Title	Appointed
Chris Train	Independent Non-Executive Chair	16 February 2022
Jonathan Duffy	Chief Executive Officer	19 August 2021
James Hobson	Chief Financial Officer	6 December 2022
Natalie Fortescue	Independent Non-Executive Director	16 February 2022
Rick Smith	Independent Non-Executive Director	2 December 2021

As announced on 22 June 2026, the Board has resolved that Richard Scott, who was appointed to the role of Chief Commercial Officer in June 2025, is to assume the role of Chief Executive Officer (subject to standard regulatory due diligence checks), alongside James Hobson, who will remain as Chief Financial Officer. Natalie Fortescue will become Non-Executive Chair, while Rick Smith will remain an Independent Non-Executive Director. Jonathan Duffy, Chief Executive Officer, and Christopher Train, Non-Executive Chair, have both offered their resignations to the Board and will step down from their roles. The Board changes will take effect following the completion of the next fundraise, which is expected to occur in July 2026.

Directors' interests

Details of Directors' interests in shares in the Company and options held over the Company's ordinary shares are set out in the Remuneration Report on pages 25 to 28.

Significant shareholders

As at 30 June 2026, the Company has been notified of the following holdings of 3% or more of the issued ordinary shares of £0.01 each of the Company:

	Shares	Percentage
Joe Scott Mouldings Limited	39,445,053	7.85%
Kenera Energy Solutions Limited	21,141,611	4.21%
Aurelius Limited	20,948,881	4.17%
Mr Elie Basil Victor Dangoor	16,331,106	3.25%

Principal risks and uncertainties

The principal risks and uncertainties which could have a material impact on the execution of the Group's strategy are set out in Strategic Report on page 6.

Corporate governance

The Company's statement on corporate governance can be found in the Corporate Governance Statement on page 17.

Group's policy on payment of creditors

The Group's policy is to settle the terms of payment with its suppliers when agreeing the terms of each transaction, either by accepting the suppliers' terms or by making the suppliers aware of alternative terms, and to abide by the agreed terms. Trade creditors of the Group at 31 December 2025 represented 37 days of annual purchases.

Going concern

In assessing the Group's ability to continue as a going concern, the Board has prepared cash flow forecasts for the period to 30 June 2027, being at least twelve months from the expected date of approval of the financial statements. The forecasts assume completion of the proposed fundraising in two tranches and implementation of the planned restructuring actions. The first tranche is expected to provide short-term liquidity. Completion of the second tranche, which is subject to approval of the necessary share issuance authorities at a general meeting, is required to provide sufficient funding for the full going concern assessment period and is not wholly within the Group's control at the date of approval of the financial statements.

The Directors consider that there is a reasonable basis to expect the proposed fundraising to complete and, on that basis, that the Company and the Group will have adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis. However, as completion of the second tranche is not wholly within the Group's control at the date of approval of the financial statements, this condition indicates the existence of a material uncertainty which may cast doubt on the Company's and the Group's ability to continue as a going concern.

Directors' indemnities

The Company maintained liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006 and was in place during the financial year and remains in force at the date of this report.

Auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

PKF Littlejohn LLP has signified its willingness to continue in office as auditor and a resolution to reappoint them and to authorise the Directors to agree their remuneration will be put to the 2026 Annual General Meeting.

This report was approved by the Board on 30 June 2026 and signed on its behalf.

James Hobson
Chief Financial Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, Strategic Report, Directors' Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and Company financial statements in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act as applicable to companies reporting under those standards. The Company financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework").

Under company law the Directors must not approve the financial statements for the Group and the Company unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted International Accounting Standards for the Group and United Kingdom Accounting Standards, comprising FRS 101, for the Company have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.



INDEPENDENT AUDITOR'S REPORT

Audit Report for the year ended 31 December 2025

Independent Auditor's Report to the Members of Clean Power Hydrogen plc

Opinion

We have audited the financial statements of Clean Power Hydrogen plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2025 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2025 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates conditions that may cast significant doubt on the ability of the Group and Parent Company to continue as a going concern. The Group and Parent Company require further funding over the next 12 months in order to continue operations and implement their change in strategy, which is not currently guaranteed. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- A review of management's going concern assessment, in conjunction with our understanding of future plans of the Group in terms of restructuring and implementing their change in strategy;
- Challenging the inputs and assumptions used in the forecast and budget prepared by management to assess the Group's and Company's ability to meet financial obligations as they fall due for the period to 30 June 2027. This included the forecast restructuring costs and the expected level of committed and contracted expenditure over that period, together with the ability to complete the proposed fundraising;
- Checking the mathematical accuracy of the cashflow forecasts scenarios prepared by management;
- Corroborating the committed cash flows against contractual arrangements and historic information, and compared general budgeted overheads to current run rates;
- Identifying and evaluating subsequent events which affect going concern and evaluating the likelihood of occurrence of forecasted inflows;
- Stress-testing the forecasted cash flows, as well as critically reviewing committed versus non committed expenditure, in order to evaluate the likelihood of potential downside scenarios that may have an impact on headroom;
- Comparing actual results for the year to previous budgets to assess the accuracy of management's forecasting;
- Identifying subsequent events impacting going concern to include the change in strategy, forecast restructuring costs and status of the ongoing fund raise; and
- Ensuring the adequacy of disclosures over going concern including consistency with management's assessment of going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Audit Report for the year ended 31 December 2025

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatement. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit.

Group	Group	Company
Materiality	£235,000 (2024: £450,000)	£50,000 (2024: £40,000)
Performance materiality	£164,500 (2024: £315,000)	£35,000 (2024: £28,000)

The benchmark for determining materiality of the Group and Parent Company was 3% (2024: 3%) net assets with respect to the Statement of Financial Position, less cash balances, given that the most significant balances to the Group are the capitalised development costs work in progress.

Component materiality was applied and ranged from £50,000 to £230,000 (2024: £40,000 to £427,000), having regard to the varying size and risk profile of components across the Group.

A benchmark of 70% (2024: 70%) for performance materiality during our audit of the Group and Parent Company was applied as we believe that this would provide sufficient coverage of significant and residual risks.

We agreed with the Audit and Risk Committee that we would report to them all audit differences identified during the course of our audit in excess of £11,750 (2024: £20,000) for the Group and £2,500 (2024: £2,000) for the Parent Company. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit approach, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we assessed the areas requiring the Directors to make subjective judgements, for example in respect of significant accounting estimates and judgements including the carrying value and capitalisation of development costs, valuation of investments and recoverability of intragroup balances and valuation of inventory and work in progress. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

An audit was performed on the financial information of the Group's material operating components which, for the year ended 31 December 2025, were located in the United Kingdom.

Clean Power Hydrogen plc and Clean Power Hydrogen Group Limited were assessed as full scope components of the Group, and we therefore designed procedures focused on addressing our key audit matters as noted below.

Work on all in scope components of the Group has been performed by us as group auditor.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Audit Report for the year ended 31 December 2025

KEY AUDIT MATTER	HOW OUR SCOPE ADDRESSED THIS MATTER
Recoverability of investments and intragroup balances (Parent Company) – notes 12 and 15 The Company holds investments in subsidiaries valued at £1.85m as at 31 December 2025 (2024: £1.85m). There are also significant intragroup receivables of £37.83m (2024: £28.08m) as the Parent Company provides funds to the operating companies. Clean Power Hydrogen Group Limited has been loss making to date, which is an indicator of impairment. There is a risk that the investment in subsidiaries and intragroup receivables may not be fully recoverable, pending commencement of commercial production and realising sales of MFE electrolysers. Given the significant judgements and estimates by management in this area, this has been designated as a key audit matter.	Our work in this area included: • Reconfirming ownership documents for investments in subsidiaries held by the Parent Company; • Obtaining the impairment review from management and corroborating the underlying assumptions. This was directly linked to the impairment assessment of intangible assets and work in progress in the trading subsidiary; • Comparing the carrying amount to the Group's market capitalisation; • Reviewing the value of the net investment in Clean Power Hydrogen Group Limited against the underlying assets and verifying and corroborating the judgements and estimates used by management to assess the recoverability of the investment and intercompany receivables; • Reviewing management's assessment of the recoverability of intercompany receivables in accordance with IFRS 9 criteria; and • Evaluating the presentation and disclosures in the financial statements. Key observations Subsequent to the year-end, the Group announced an incident during the Factory Acceptance Test which resulted in damage to the unit and a decision to change strategy regarding commercialisation to focus on technology development and global licensing. Management has assessed the incident as a non-adjusting post balance sheet event. We evaluated management's assessment, including reviewing the investigative work performed to date, and assessed whether the incident provided evidence of conditions existing at the year-end. In particular, we considered management's view that the proprietary intellectual property holds commercial value. We also assessed the adequacy of the related disclosures. Based upon the information available to date, we did not identify any evidence of conditions existing as at 31 December 2025 which would require impairment to the recoverability of investments and intragroup balances. Going forward, the assessment for impairment will be referable to future commercialisation from the change in strategy.
Capitalisation and Valuation of Development Costs in intangible assets (Group) – note 11 The Group and Company has significant capitalised development costs of £5.44m (2024: £4.61m) relating to the development and testing of its Membrane-Free Electrolyser (MFE) technology. There is a risk that these costs do not meet IAS 38 capitalisation criteria and are therefore incorrectly capitalised, and that certain expenditure could be superseding or rectifying previous development work, giving rise to an impairment indicator regarding historic expenditure. As amortisation has not yet commenced therefore the intangible assets are required to be assessed for impairment. Given the significant judgements and estimates by management in this area, this has been designated as a key audit matter.	Our work in this area included: • Tests of detail of a sample of capitalised costs to underlying supporting evidence, ensuring their eligibility for capitalisation is in accordance with IAS 38; • Evaluating whether the development phase is complete and amortisation should commence; • Challenging the appropriateness of inputs and assumptions used in management's assessment of the carrying value of capitalised costs, with reference to forecast / contracted revenues and other key assumptions, to include the discount rate; • Where applicable, agreeing forecast sales to underlying sales contracts and license agreements; • Independently considering whether there are indicators of impairment; • Undertaking sensitivity analysis for possible changes in key assumptions and their impact on the available headroom; • Reviewing post balance sheet events; and • Reviewing the disclosures in the financial statements, including those relating to estimates and judgements used. Key observations Subsequent to the year-end, the Group announced an incident during the Factory Acceptance Test which resulted in damage to the unit and a decision to change strategy regarding commercialisation to focus on technology development and global licensing. Management has assessed the incident as a non-adjusting post balance sheet event. We evaluated management's assessment, including reviewing the investigative work performed to date, and assessed whether the incident provided evidence of conditions existing at the year-end. In particular, we considered management's view that the proprietary intellectual property holds commercial value. We also assessed the adequacy of the related disclosures. Based upon the information available to date, we did not identify any evidence of conditions existing as at 31 December 2025 which would require impairment to the recoverability of investments and intragroup balances. Going forward, the assessment for impairment will be referable to future commercialisation from the change in strategy.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the Group and Parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Group and Parent Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Parent company financial statements, the Directors are responsible for assessing the Group and the Parent Company'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 the Parent Company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT CONTINUED

Audit Report for the year ended 31 December 2025

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and Parent Company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the Group and Parent Company in this regard to be those arising from Companies Act 2006, AIM rules and regulations, General Data Protection Regulation, Employment Law, Health and Safety Law and Anti-Bribery and Money Laundering Regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and Parent Company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes, review of legal and professional expenditure, review of correspondence with regulators and review of online media.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the carrying value and capitalisation of the development costs as intangible assets, the carrying value of investments and intragroup loans and the carrying value of inventory and work in progress as noted in our Key Audit Matters above. We addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimates.
- As in all our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Thompson

Senior Statutory Auditor

For and on behalf of PKF Littlejohn LLP
30 Churchill Place
Canary Wharf
Statutory Auditor
London
E14 5RE
30 June 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Other operating income	4	—	334
Administrative expenses	4	(6,484)	(5,704)
Impairment losses	4	(77)	(9,124)
Onerous contract losses	4	(1,029)	(538)
Operating loss	4	(7,590)	(15,032)
Finance income	7	69	134
Finance expense	7	(41)	(47)
Loss before taxation		(7,562)	(14,945)
Taxation	8	486	508
Loss for the financial year		(7,076)	(14,437)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(24)	19
Fair value decrease in respect of investments	13	—	(355)
Total comprehensive expense for the year		(7,100)	(14,773)
Basic and diluted earnings per share (pence)	9	(1.80)	(5.37)

The notes on pages 44 to 61 form part of these financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	31 December 2025 £'000	31 December 2024 £'000
Assets			
Non-current assets			
Intangible assets	10	5,568	4,608
Property, plant and equipment	11	1,185	1,535
Other receivables	15	120	120
		6,873	6,263
Current assets			
Inventories	14	2,398	1,614
Trade and other receivables	15	1,577	1,476
Cash and cash equivalents		3,953	327
		7,928	3,417
Total assets		14,801	9,680
Liabilities			
Current liabilities			
Trade and other payables	16	(1,677)	(1,275)
Lease liabilities	17	(175)	(198)
		(1,852)	(1,473)
Non-current liabilities			
Deferred income	16	(751)	(1,166)
Lease liabilities	17	(450)	(626)
		(1,201)	(1,792)
Total liabilities		(3,053)	(3,265)
Net assets		11,748	6,415
Equity			
Called up share capital	20	5,020	2,697
Share premium account	20	37,725	27,745
Merger reserve	20	3,702	3,702
Currency translation reserve		(11)	13
Accumulated loss		(34,688)	(27,742)
Total equity		11,748	6,415

The notes on pages 44 to 61 form part of these financial statements.

These financial statements on pages 39 to 61 were approved by the Board of Directors on 30 June 2026 and were signed on its behalf by:

J. Hobson

Director

Clean Power Hydrogen plc
Registered number
13574281

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	31 December 2025 £'000	31 December 2024 £'000
Assets			
Non-current assets			
Investments in subsidiaries	12	1,853	1,853
		1,853	1,853
Current assets			
Trade and other receivables	15	38,000	28,148
Cash and cash equivalents		2,861	301
		40,861	28,449
Total assets		42,714	30,302
Liabilities			
Current liabilities			
Trade and other payables	16	(238)	(271)
		(238)	(271)
Total liabilities		(238)	(271)
Net assets		42,476	30,031
Equity			
Called up share capital	20	5,020	2,697
Share premium account	20	37,725	27,745
Accumulated loss		(269)	(411)
Total equity		42,476	30,031

As permitted by section 408 of the Companies Act 2006, the Parent Company's profit and loss account has not been included in these financial statements. The Company recorded a profit for the year of £44,000 (2024: profit of £60,000).

The notes on pages 44 to 61 form part of these financial statements.

These financial statements on pages 39 to 61 were approved by the Board of Directors on 30 June 2026 and were signed on its behalf by:

J. Hobson

Director

Clean Power Hydrogen plc

Registered number

13574281



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Foreign currency reserve £'000	Accumulated loss £'000	Total equity £'000
Balance as at 31 December 2023	2,682	27,707	3,702	(6)	(13,132)	20,953
Loss for the financial year	—	—	—	—	(14,437)	(14,437)
Other comprehensive expense (note 13)	—	—	—	19	(355)	(336)
Total comprehensive expense for the year	—	—	—	19	(14,792)	(14,773)
Share based payments (note 21)	—	—	—	—	182	182
Issue of share capital (note 20)	15	38	—	—	—	53
Balance as at 31 December 2024	2,697	27,745	3,702	13	(27,742)	6,415
Loss for the financial year	—	—	—	—	(7,076)	(7,076)
Other comprehensive expense	—	—	—	(24)	—	(24)
Total comprehensive expense for the year	—	—	—	(24)	(7,076)	(7,100)
Share based payments (note 21)	—	—	—	—	130	130
Issue of share capital (note 20)	2,323	9,980	—	—	—	12,303
Balance as at 31 December 2025	5,020	37,725	3,702	(11)	(34,688)	11,748

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Called up share capital £'000	Share premium account £'000	Accumulated loss £'000	Total equity £'000
Balance as at 31 December 2023	2,682	27,707	(243)	30,146
Loss for the financial year	—	—	60	60
Other comprehensive expense (note 13)	—	—	(355)	(355)
Total comprehensive expense for the year	—	—	(295)	(295)
Share based payments (note 21)	—	—	127	127
Issue of share capital (note 20)	15	38	—	53
Balance as at 31 December 2024	2,697	27,745	(411)	30,031
Profit for the financial year	—	—	44	44
Total comprehensive expense for the year	—	—	44	44
Share based payments (note 21)	—	—	98	98
Issue of share capital (note 20)	2,323	9,980	—	12,303
Balance as at 31 December 2025	5,020	37,725	(269)	42,476

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Cash flow from operating activities			
Loss for the financial year		(7,076)	(14,437)
Adjustment for:			
Depreciation and amortisation	10, 11	519	532
Impairment losses	4	77	9,124
Onerous contract losses	4	167	538
Disposal		(112)	(8)
Share based payments	21	130	182
Foreign exchange		(34)	29
Net finance income	7	(28)	(87)
Taxation credit	8	(486)	(508)
Changes in working capital:			
Increase in inventories	14	(784)	(824)
Increase in trade and other receivables	15	(151)	(127)
Decrease in trade and other payables	16	(181)	(914)
Cash used in operations		(7,959)	(6,500)
Income tax received		536	608
Net cash used in operating activities		(7,423)	(5,892)
Cash flows from investing activities			
Current asset investments withdrawn		—	6,000
Purchase of property, plant and equipment	11	(37)	(241)
Proceeds from sale of plant and equipment		—	22
Purchase of intangible assets	10	(1,046)	(2,752)
Proceeds from sale of investments	13	—	704
Net cash generated from investing activities		(1,083)	3,733
Cash flows from financing activities			
Issue of share capital (net of costs)	20	12,303	53
Interest received	7	69	134
Interest paid	7	(41)	(47)
Payment of lease liabilities	19	(199)	(122)
Net cash generated from financing activities		12,132	18
Net increase/(decrease) in cash and cash equivalents		3,626	(2,141)
Cash and cash equivalents at the beginning of the year		327	2,468
Cash and cash equivalents at the end of the year		3,953	327

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. Summary of significant accounting policies and general information

Clean Power Hydrogen plc is a public company incorporated in the United Kingdom and quoted 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.

The Group financial statements have been prepared in accordance with UK adopted international accounting standards ("IFRS") and in accordance with the requirements of the Companies Act 2006.

The Parent Company financial statements have been prepared under applicable United Kingdom Accounting Standards (FRS101 'Reduced Disclosure Framework'). The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

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

The financial statements are drawn up in Sterling, the functional currency of the company and the Group. The level of rounding for the financial statements is the nearest thousand pounds.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Exemptions

FRS 101 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, and the Company has taken advantage of the following exemptions:

- IAS 7 Statement of cash flows;
- IFRS 7 Financial instruments disclosures;
- IAS 24 Key management remuneration.

Basis of consolidation and merger accounting

The Company was incorporated on 19 August 2021 with one £0.01 ordinary share and on 1 February 2022, became the group parent company when it issued 185,267,700 £0.01 ordinary shares in exchange for all the ordinary shares in its subsidiary Clean Power Hydrogen Group ("CPHGL"). In addition, warrants and options over ordinary shares in CPHGL were converted, on equivalent terms, to warrants and options over 26,911,940 shares in the Company. This was considered not to be a business combination within the scope of IFRS3. This was a key judgement, and as a transaction where there was no change in the shareholders or holdings, is accordingly accounted for using merger accounting with no change in the book values of assets and liabilities and no fair value accounting applied.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they have always formed a single group. Intercompany transactions and balances between Group companies are therefore eliminated in full. The share capital presented is that of Clean Power Hydrogen plc with the difference on elimination of CPHGL's capital being shown as a merger reserve.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Going concern

The Board has assessed going concern for the period to 30 June 2027, being at least twelve months from the expected date of approval of the financial statements.

In assessing the Group's and Company's ability to continue as a going concern, the Board has prepared cash flow forecasts for the period to 30 June 2027 based on likely future operations. The forecasts assume completion of the proposed fundraising in two tranches and implementation of the planned restructuring actions, including the transition to a capital-light business model. Subject to completion of the fundraising, the Company has also taken steps to address previously unquantified risks relating to customer deposits and contractual supply obligations, including the Hidrigin arrangements. The forecasts do not rely on sales revenue and do not include potential upside from the insurance claim, the sale of inventory or the sale of certain fixed assets.

1. Summary of significant accounting policies and general information continued

Going concern continued

Provided both tranches of the fundraising complete as planned, the forecasts indicate that the Company and the Group will have sufficient cash resources to meet their liabilities as they fall due throughout the going concern assessment period. The Directors therefore consider that there is a reasonable basis to expect the proposed fundraising to complete and, on that basis, that the Company and the Group will have adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis. However, completion of the second tranche, which is subject to approval of the necessary share issuance authorities at a general meeting, is required to provide sufficient funding for the full going concern assessment period and is not wholly within the Group's control at the date of approval of these financial statements. This condition indicates the existence of a material uncertainty which may cast doubt on the Company's and the Group's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company or the Group were unable to continue as a going concern.

Revenue

Revenue comprises income from the sale of equipment for the electrolytic production of clean hydrogen and oxygen and related licensing or consultancy fees.

Equipment revenue is recognised to the extent that the performance obligations, being the agreement to transfer the product is satisfied, which is when the customer obtains control of the equipment. The transfer takes place in accordance with the terms agreed with each customer, either at the point in time the goods are despatched to or received by the customer.

Licence fee income, arising from granting non-exclusive use of the IP to customers, is recognised in full at the point when the related IP is transferred to the customer if the licence is only to use the IP available at that time and is separable from any other performance obligations. It is recognised over the period of the licence when it gives access to development of the IP over that time. Licence income related to the manufacture of equipment by a licensee is recognised when the customer completes manufacture and becomes liable to pay an equipment capacity related fee.

Consultancy fees are recognised over the period the service is delivered.

Government grants

Government grants are recognised in the statement of comprehensive income on a systematic basis over the periods in which the Group recognises the related costs as an expense for which the grants are intended to compensate as follows:

Income based grants

Income based government grants are recognised in other operating income based on the specific terms related to them as follows:

- A grant is recognised in other operating income when the grant proceeds are received (or receivable) provided that the terms of the grant do not impose future performance-related conditions.
- If the terms of a grant do impose performance-related conditions then the grant is only recognised in income when the performance-related conditions are met.
- Any grants that are received before the revenue recognition criteria are met are recognised in the statement of financial position as another creditor within liabilities.

Capital grants

Government grants received relating to tangible and intangible fixed assets are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned.

Share based payments

The Group operates an equity-settled share-based compensation plan in which the Company receives services from employees as consideration for share options. Warrants have also been issued as part of the compensation for professional services received. The fair value is established at the point of grant using an appropriate pricing model and then the cost is recognised as an expense in administrative expenses in the statement of comprehensive income, together with a corresponding credit directly in equity to retained earnings over the period in which the services are fulfilled. This is when the professional services are received or over the estimated period to vesting in respect of employees. The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

1. Summary of significant accounting policies and general information continued

Income tax

Current income tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from profit or loss in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Research and development costs

An internally generated intangible asset arising from development (or the development phase) of an internal project is recognised if, and only if, all of the following have been demonstrated:

- It is technically feasible to complete the development such that it will be available for use, sale or licence;
- There is an intention to complete the development;
- There is an ability to use, sell or licence the resultant asset;
- The method by which probable future economic benefits will be generated is known;
- There are adequate technical, financial and other resources required to complete the development;
- There are reliable measures that can identify the expenditure directly attributable to the project during its development.

The amount recognised is the expenditure incurred from the date when the project first meets the recognition criteria listed above.

Expenses capitalised initially consisted of direct and subcontract costs including materials or testing overheads. Attributable employee costs have now been capitalised as the time has been reliably captured and measured in respect of the element spent on specific projects, other research or operational time.

Where the above criteria are not met, research and development expenditure is charged to the income statement in the period in which it is incurred.

Capitalised development costs are initially measured at cost. After initial recognition, they are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

The depreciable amount of a development cost intangible asset with a finite useful life is allocated on a systematic basis over its useful life, currently expected to range from 3 to 6 years. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for the assets with a finite useful life is reviewed at least each financial year-end. If the expected useful of the asset is different from previous estimates, the amortisation period is changed accordingly.

Patent costs

Patent cost assets are initially measured at cost. After initial recognition, they are recognised at cost less any accumulated amortisation and any accumulated impairment losses. The costs are amortised on a straight-line basis over a 15-year estimated useful life.

Software

Software assets are capitalised at the purchase cost. Subsequent to initial recognition it is stated at cost less accumulated amortisation and accumulated impairment. Software is amortised in the Statement of Comprehensive Income on a straight-line basis over its estimated useful life of three years. These costs are recognised in administrative expenses.

1. Summary of significant accounting policies and general information continued

Property plant and equipment

Property, plant and equipment is recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After recognition, all property, plant and equipment (including plant, computer equipment and fixtures) are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Leasehold improvements	20% straight line
Plant and machinery	20% straight line
Office equipment	33% straight line

The residual value and the useful life of an asset is reviewed at least at each financial year-end and if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in profit or loss.

Right-of-use assets and leases

Assets and liabilities arising from a lease with a duration of more than one year are initially measured at the present value of the lease payments and payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal, presented as a separate category, and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs and are presented as a separate category.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Associated costs of all leases, such as maintenance, service charges and insurance, are expensed as incurred.

Impairment of intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset or cash-generating unit is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

The impairment loss is allocated to reduce the carrying amount of the asset pro-rata on the basis of the carrying amount of each asset in the unit. Assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

1. Summary of significant accounting policies and general information continued

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and an appropriate proportion of fixed and variable overheads incurred in bringing the inventories to their present location and condition. Net realisable value being the estimated selling price less costs to complete and sell. Where necessary, provision is made to reduce cost to no more than net realisable value having regard to the nature and condition of inventory, as well as its anticipated utilisation and saleability.

Financial instruments

Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. These comprise trade and other receivables and cash and cash equivalents.

Financial assets are initially recognised at fair value, which is usually the cost, plus directly attributable transaction costs.

Investments in equity shares of non-group companies where there is no significance influence are available for sale and are subsequently measured at fair value through other comprehensive income.

All other financial assets are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The Group measures loss allowances at an amount equal to lifetime expected credit loss, which will be estimated using past experience of the historical credit losses. Historical loss rates, where applicable, are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, such as inflation rates. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost to the extent that these are material. The Group has determined that there is no material impact of ECLs on the financial statements.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and reward are transferred.

Financial liabilities

Financial liabilities include borrowings, lease liabilities, trade and other payables.

Financial liabilities are obligations to pay cash or other financial assets and are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Current asset investments

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Deposits of cash with banks that are subject to maturity terms of more than 90 days are presented as current asset investments.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

1. Summary of significant accounting policies and general information continued

Foreign currencies

Transactions entered into by the Group in a currency other than the functional currency of sterling are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the statement of comprehensive income in administrative expenses.

The results of overseas subsidiaries are translated into the Group's presentational currency of sterling at the weighted average exchange rate for the year. The weighted average exchange rate is used, as it is considered to approximate the actual exchange rates on the date of the transactions. The assets and liabilities of such undertakings are translated at the year-end exchange rate. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in a separate equity reserve.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an economic outflow will occur in excess of any income to be received and a reliable estimate can be made including any additional evidence from post period end events.

Equity and reserves

Share capital represents the nominal value of shares that have been issued. Share premium represents the excess consideration received over the nominal value of share capital upon the sale of shares, less any incidental costs of issue.

The accumulated loss reserve represents all current and prior period trading losses.

The cumulative currency differences reserve represents translation differences in respect of the net assets of overseas subsidiaries.

Standards, amendments and interpretations in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2026 and which the Group has chosen not to adopt early. These include the following standards which may be relevant to the Group:

- Amendments to IFRS 9 and IFRS 7 mandatory for periods commencing 1 January 2026 – Amendments to the Classification and Measurement of Financial Instruments made to address diversity in accounting practice by clarifying requirements in two specific areas:
 - classification of financial assets with environmental, social and corporate governance (ESG) and similar features; and
 - timing of derecognition of financial liabilities settled through electronic payment systems.
- IFRS 18 Presentation and Disclosure in Financial Statements mandatory for periods commencing 1 January 2027. IFRS 18 introduces three key new requirements:
 - specified categories and defined subtotals in the statement of profit or loss;
 - improved principles for aggregation and disaggregation of information; and
 - disclosures about management-defined performance measures.

As a result of initial review of the new standards, interpretations and amendments which are not yet effective in these financial statements, none are expected to have a material effect on the Company or Group's future financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

2. Critical accounting judgements and estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Onerous contract (note 4)

The assessment of onerous contracts includes judgement of the following matters: a forecast of expected costs of completing the contract; the economic benefits resulting from fulfilling the requirements of the contract including benefits which are necessarily linked to the fulfilment of the contract; and the terms and conditions of the contract.

Inventory (note 14)

The assessment of the value of inventory is determined by its estimated net realisable value, which includes inter alia, the expected utility of inventory held in the future build of electrolyzers based on designs of electrolyzers at the date of assessment.

Share based payments (note 23)

The Group uses the Black-Scholes and Monte Carlo option-pricing models where applicable for equity-settled arrangements, with inputs, including volatility, requiring significant judgement in application.

Valuation of investments and intercompany loans (notes 12 and 15)

The assessment for impairment of investments and intercompany loans involves the consideration of forecasts in respect of the trading subsidiary in order to judge the likely future realisable amounts. These include estimates of future sales and margins from current knowledge of the technology and the market for a period of five years, then using a constant growth rate for a further five years. The forecasted margins were the balance sheet date, discounted by an externally verifiable 15.1% weighted average cost of capital for the Group. Forecasts and timing of sales may be impacted by other future factors which could impact the assumptions made.

Intangible assets (note 4, note 10)

The capitalisation and potential impairment of development costs is subject to a degree of judgement in respect of the assessment of the relevance and ongoing value of costs historically capitalised, the viability of new technology and know-how, supported by the results of testing, changes in technology used. The cash generating unit is commercial MFE electrolyzers. To assess recoverability the key inputs were reasonable estimates of forecasted sales and gross profits of MFE electrolyzers for a period of up to five years from the balance sheet date, discounted by an externally verifiable 15.1% weighted average cost of capital for the Group. Forecasts and timing of sales may be impacted by other future factors which could impact the assumptions made.

Amortisation commences once management consider that the asset is in use, i.e. when it is judged to be at a stage capable of application to commercial revenue streams and the cost is amortised over the estimated useful life of the know-how based on the expected life of the technology and related revenue.

3. Segmental reporting

IFRS 8, Operating Segments, requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group'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. The operating segments are monitored by the chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

All material assets, liabilities, revenues and expenses are located in, or derived in, the United Kingdom with the exception of a net £0.03m (2024: £0.16m) principally in respect of capitalised patent costs in the Irish subsidiary of the Group which are denominated in Euros.

4. Operating loss

	2025 £'000	2024 £'000
Expenses by nature		
Staff costs	3,089	2,763
Staff related costs	368	231
Professional and consultancy fees	1,014	897
Equipment hire	110	261
Premises related costs	283	295
Travel costs	236	47
Materials and consumables	392	244
Insurance	185	187
Foreign exchange (gain)/ loss	(34)	13
Depreciation and amortisation	402	532
Profit on disposal of property, plant and equipment	—	(8)
Other costs	439	242
	6,484	5,704
Impairment losses		
Impairment loss in respect of inventories	—	2,365
Impairment loss in respect of property, plant and equipment	—	1,117
Impairment loss in respect of intangible development costs	—	5,642
Derecognition of discontinued patents	77	—
	77	9,124
Onerous contract losses	1,029	538
	7,590	15,366

The operating loss is stated after charging/(crediting):

	2025 £'000	2024 £'000
Other operating income		
Release of deferred grant income	—	(334)
Auditor's remuneration (in administrative expenses):		
Audit of the Company's financial statements	8	8
Audit of the subsidiaries	42	37
	50	45

Impairment losses

Following a review of patents as of 31 December 2025 existing patents useful life was adjusted to 15 years and discontinued patents identified resulting in a £77,000 loss for derecognition of the asset (2024: nil). Capitalised development costs were reviewed as of 31 December 2025 and no impairment was required. In the comparative year capitalised development costs were impaired by £5,624,000 following a detailed evaluation carried out.

Onerous contract losses

Upon review of the Group's sales of electrolyzers, it was determined that one sales contract meets the criteria of an onerous contract and as such £862,000 impairment was recognised against Inventory (2024: £892,000 included in £2,365,000 inventory impairment).

The provision for future onerous contract losses of £538,000 at 31 December 2024 was fully utilised against Inventory during the year. A £705,000 provision for future losses was recognised as at 31 December 2025 (2024: £538,000). Refer to notes 14 and 16.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

5. Staff costs

Group	2025 £'000	2024 £'000
Wages and salaries	3,414	2,997
Less amounts capitalised to development costs	(998)	(851)
Social security costs	456	373
Other pension costs	87	62
Share based payments	130	182
Total staff costs	3,089	2,763

Staff costs of £998,000 have been capitalised in development costs during the year (2024: £851,000).

The monthly average number of staff employed by the Group during the year was 54 with 37 in operations and 17 in management and support roles (2024: 52 with 34 in operations and 18 in management and support).

The Company employed an average of 5 staff in management roles (2024: 5) with salaries of £797,000, social security costs of £113,000 and pension costs of £22,000 (2024: £775,000, £108,000 and £19,000).

6. Directors' emoluments

	2025 £'000	2024 £'000
Remuneration for qualifying services	802	786
Pension contributions	22	19
Equity settled share based payments	98	127
	922	932

The highest-paid Director received remuneration of £383,000 and share based payments valued at £68,000 (2024: £384,000 and £116,000). Retirement benefits were accruing to two Directors in respect of defined contribution schemes (2024: one).

The full Directors' Remuneration Report is set out on pages 25 to 28. Key management remuneration was as follows:

	2025 £'000	2024 £'000
Remuneration for qualifying services	1,365	1,234
Social security costs	149	136
Other pension costs	41	23
Equity settled share based payments	113	141
	1,668	1,534

7. Finance income and expense

	2025 £'000	2024 £'000
Finance income:		
Bank interest receivable	69	134
Finance expense:		
Lease liability financing charges	(41)	(47)

8. Income tax

	2025 £'000	2024 £'000
Current tax		
UK corporation tax		
R&D tax credits in respect of current year	350	400
R&D tax credits in respect of prior periods	136	108
Total tax credit	486	508

Factors affecting the tax credit for the year

The tax assessed for the year differs from the average standard rate of corporation tax in the UK of 25% (2024: 25%). The differences are explained below:

	2025 £'000	2024 £'000
Loss before taxation	(7,562)	(14,945)
Income tax calculated at the average standard rate of corporation tax in the UK of 25% (2024: 25%)	(1,891)	(3,736)
Effects of:		
Expenditure not deductible for tax purposes	25	5
Impact of equity settled share based payments	32	21
Enhanced research and development allowances	(404)	(462)
R&D credit at lower tax rate	525	600
Deferred tax not recognised (see below)	1,363	3,172
Adjustments in respect of prior periods	(136)	(108)
Total tax credit for the year	(486)	(508)

The tax rate used for the reconciliation is the average corporate tax rate of 25% (2024: 25%) payable by corporate entities in the UK on taxable profits under UK tax law.

The tax rate used to calculate unrecognised deferred tax is 25% at 31 December 2024 and 2025, being the rate at which the timing differences were expected to unwind based on enacted rates at each balance sheet date.

Unrecognised deferred tax asset/(liability) – Group	Tax losses £'000	Capital allowances £'000	Share based payments £'000	Total £'000
At 31 December 2023	4,107	(404)	202	3,905
At 31 December 2024	6,345	49	69	6,463
At 31 December 2025	8,640	(1,029)	46	7,657

Deferred tax assets have not been recognised at the year-end dates as the utilisation of losses was not yet considered sufficiently probable.

9. Earnings per share

	2025	2024
Loss used in calculating earnings per share (£'000)	(7,076)	(14,437)
Weighted average number of shares for basic EPS ('000)	392,754	268,905
Basic and diluted loss per share (pence)	(1.80)	(5.37)

The weighted average is calculated applying the equivalent number of Clean Power Hydrogen plc shares for each year. There is no dilutive effect on a loss. There are potentially dilutive options in place over 26,083,422 ordinary shares at 31 December 2025 (2024: 15,646,215).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

10. Intangible assets

Group	Development costs £'000	Patents £'000	Software £'000	Total £'000
Cost				
At 1 January 2024	7,301	372	55	7,728
Additions	2,680	72	—	2,752
Exchange movements	—	(10)	—	(10)
At 31 December 2024	9,981	434	55	10,470
Additions	980	44	23	1,047
Derecognition of discontinued patents	—	(189)	—	(189)
Exchange movements	(4)	9	—	5
At 31 December 2025	10,957	298	78	11,333
Accumulated amortisation and impairment				
At 1 January 2024	—	79	35	114
Charge for the year	—	92	14	106
Impairment loss (note 4)	5,642	—	—	5,642
At 31 December 2024	5,642	171	49	5,862
Charge for the year	—	85	7	92
Impairment loss (note 4)	—	(77)	—	(77)
Derecognition of discontinued patents	—	(112)	—	(112)
At 31 December 2025	5,642	67	56	5,765
Net book amount				
At 31 December 2025	5,315	231	22	5,568
At 31 December 2024	4,339	263	6	4,608
At 1 January 2024	7,301	293	20	7,614

The Group development costs relate to the direct expenditure incurred on the Group's membrane-free electrolysis technology. Refer to note 4 for information on the derecognition of discontinued patents.

The Company has no intangible fixed assets.

11. Property, plant and equipment

Group	Right-of-use property £'000	Leasehold improvements £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
Cost					
At 1 January 2024	1,069	73	2,069	159	3,370
Additions	209	—	237	4	450
Disposals	—	—	(29)	—	(29)
At 31 December 2024	1,278	73	2,277	163	3,791
Additions	—	—	19	18	37
At 31 December 2025	1,278	73	2,296	181	3,828
Accumulated depreciation and impairment					
At 1 January 2024	344	19	283	82	728
Charge for the year	179	10	195	42	426
Impairment loss (note 4)	—	—	1,117	—	1,117
Disposals	—	—	(15)	—	(15)
At 31 December 2024	523	29	1,580	124	2,256
Charge for the year	174	9	174	30	387
At 31 December 2025	697	38	1,754	154	2,643
Net book amount					
At 31 December 2025	581	35	542	27	1,185
At 31 December 2024	755	44	697	39	1,535
At 1 January 2024	725	54	1,786	77	2,642

The Company has no tangible fixed assets.

12. Investments in subsidiary undertakings

Company	£'000
Cost and net book value at 31 December 2025 and 2024	1,853

Principal subsidiary undertakings	Address and country of registration	Principal activity	Class of shares held	% share holding
Clean Power Hydrogen Group Limited	Unit D, Parkside Business Park, Spinners Road, Doncaster, DN2 4BL, England	Development and sale of electrolyzers	Ordinary	100%
Clean Power Hydrogen Limited	Streamstown House, Streamstown, Co. Westmeath, N91 AY72, Republic of Ireland	Holds intellectual property	Ordinary	100%
CPH2 Northern Ireland Limited	5 Willowbank Road, Millbrook Industrial Estate, Larne, Antrim, BT40 2SF, Northern Ireland	Dormant (dissolved 28 April 2026)	Ordinary	51%

Clean Power Hydrogen Group Limited is held directly by the Company; all other companies are held directly by Clean Power Hydrogen Group Limited. Hydrogen United Limited a 100% owned dormant subsidiary, was dissolved on 2 December 2025 and CPH2 Northern Ireland Limited was dissolved on 28 April 2026.

13. Investments held at fair value through other comprehensive income

The reduction in fair value of £355k related to an investment that was sold during the year ended 31 December 2024. The Company held 1,412,429 ordinary £0.02 shares in ATOME plc which were sold during the prior year.

14. Inventories

Group	2025 £'000	2024 £'000
Raw materials and consumables	1,533	1,614
Work in progress	865	—
	2,398	1,614

Work in progress in relation to an onerous contract has been impaired by £862,000 in the year.

In the comparative year the Group incurred a £2,365,000 write down of which £892,000 was in relation to an onerous contract reducing the work in progress value to nil, as well as £1,473,000 inventory that would not be utilised. (See also note 4 and note 16.)

15. Trade and other receivables

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Current				
Amounts owed by Group undertakings	—	—	37,929	28,081
Other receivables	132	143	10	8
Tax recoverable	350	400	—	—
Prepayments and accrued income	1,095	933	61	59
	1,577	1,476	38,000	28,148
Non-current				
Other receivables	120	120	—	—
	120	120	—	—

Amounts owed by Group undertakings are unsecured, interest free and have no fixed date of repayment.

There has been no significant revenue to 31 December 2025 and there have been no significant 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

16. Trade and other payables

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Current				
Trade payables	582	395	31	50
Taxation and social security	117	88	28	29
Other payables	20	—	3	—
Accruals	253	254	176	192
Provision for onerous contract	705	538	—	—
	1,677	1,275	238	271
Non-current liabilities				
Deferred income	751	1,166	—	—
	751	1,166	—	—

Refer to note 4 for more information about the onerous contract.

The Directors consider that the carrying amount of trade and other payables approximates to their fair values.

17. Lease liabilities

Group	2025 £'000	2024 £'000
Current	175	198
Due in one to two years	186	175
Due in two to five years	264	451
Due in more than five years	—	—
Non-current	450	626

The financing charges in respect of right-of-use assets are disclosed in note 5 and the right-of-use-assets and depreciation in note 11. Right-of-use assets and lease liabilities relate principally to property leases discounted at a rate of 6%. The Group leases its main operating premises, typically on a five-to-eight-year lease, subject to periodic rent reviews and potential breaks, with the intention and assumption made in measuring assets and liabilities that the extended period will be utilised. Total cash outflows in respect of leases were £240,000 for the year ended 31 December 2025 (2024: £169,000).

18. Financing activities and movements in total borrowings

Group	2025 £'000	2024 £'000
At 1 January	(824)	(737)
Cash movements:		
Lease liability payments	199	122
Interest paid	41	47
Non-cash movements		
Additions to lease liabilities	—	(209)
Interest accrued	(41)	(47)
At 31 December	(625)	(824)
Comprising:		
Lease liabilities	(625)	(824)

19. Financial instruments and capital management

Risk management

The Board has overall responsibility for the determination of the Company and the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's flexibility. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Group is exposed to financial risks in respect of market, credit and foreign exchange risk.

Capital management

The Company's and Group's capital comprise all components of equity which includes share capital, share premium and retained earnings. The Company's and Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide future returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by managing technology development, pricing products as revenue commences commensurately with the level of risk.

The capital structure of the Company and Group consists of shareholders equity with all working capital requirements financed from equity and property costs funded by lease agreements.

The Company and Group set the amount of capital it requires in proportion to risk. They manage their capital structure and raise capital in the light of the investment in product development, changes in economic conditions, the ability to finance capital purchases and the risk characteristics of the underlying assets and activity. In its development the Company has raised equity capital and has not utilised borrowings in view of the risks at this stage. Following the AIM listing, they may issue new shares or sell assets to reduce debt.

Market risks

These arise from the nature and location of the customer markets, competing technology and foreign exchange rate risks.

The Group expects to trade initially primarily within the UK and Irish markets. This is likely to expand to other markets, and accordingly there will be a risk relating to the underlying performance of these markets and their currency risk which will be actively monitored by the Directors.

Foreign exchange risk

The Company has an Irish subsidiary which funded the initial product development with equity and a related party loan denominated in Euros. It expects to commence trade with overseas customers with the only revenue to date invoiced in sterling. There has therefore been a reduced sensitivity to fluctuations in exchange rates and a 10% movement in Euro exchange rates would impact the statement of financial position by approximately £40,000.

The Group had the following net balances in respect of the Irish subsidiary denominated in foreign currency:

	2025 £'000	2024 £'000
Euro denominated	30	160

Interest rate risk

Lease liabilities are derived at fixed interest rates and reflect an underlying fixed rental with no current exposure to floating rates.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company and Group is mainly exposed to credit risk from credit sales and attempts to mitigate credit risk by assessing the creditworthiness of customers and closely monitoring payments history.

Credit risk on cash and cash equivalents is considered to be minimal as the counterparties are all substantial banks with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

19. Financial instruments and capital management continued

Liquidity risk

The maturity of the Group's financial liabilities including trade and other payables, other loans and lease liability total payments with the interest payable is as set out below. Current liabilities were payable on demand or to normal trade credit terms with the exception of lease liabilities which are payable quarterly.

At 31 December 2025	Up to 1 year £'000	1–2 years £'000	2–5 years £'000
Trade and other payables	(718)	—	—
Lease liabilities	(206)	(206)	(273)
	(924)	(206)	(273)

At 31 December 2024	Up to 1 year £'000	1–2 years £'000	2–5 years £'000
Trade and other payables	(649)	—	—
Lease liabilities	(239)	(206)	(479)
	(888)	(206)	(479)

Classification of financial instruments

All financial assets, except for an investment held at fair value, have been classified as at amortised cost, and all financial liabilities have been classified as other financial liabilities measured at amortised cost.

	2025 £'000	2024 £'000
Financial assets at amortised cost		
Trade and other receivables	252	263
Cash and cash equivalents	3,953	327
	4,205	590
Financial liabilities at amortised cost		
Trade and other payables	(718)	(649)
Lease liabilities	(625)	(824)
	(1,343)	(1,473)

20. Share capital

The movements in the Company's share capital have been as follows:

	Number of £0.01 ordinary shares	Nominal £'000	Share premium £'000
At 31 December 2023	268,184,127	2,682	27,707
Exercise of options at £0.035 each	1,500,000	15	38
At 31 December 2024	269,684,127	2,697	27,745
Issue of shares in January 2025 at £0.075 each	84,740,061	847	5,509
Issue expenses	—	—	(651)
Issue of shares in September 2025 at £0.05 each	147,588,895	1,476	5,904
Issue expenses	—	—	(782)
At 31 December 2025	502,013,083	5,020	37,725

All £0.01 ordinary shares rank equally with the right to receive dividends and capital distributions.

Merger reserve

In 2022, the issue of shares with a nominal value of £1,852,677 in exchange for the 9,263,385 £0.001 shares in CPHGL with a nominal value of £9,263 and share premium of £5,545,118 resulted on elimination of the difference in a credit to a merger reserve of £3,701,704 presented as a capital reorganisation in accordance with the merger accounting principles as set out in note 2.

21. Share based payments

8,500,000 options were granted in May 2025 with a 2.7 year vesting period, with 25% vesting on continued employment and 75% are subject to share price performance conditions. The respective fair values of £0.054 and £0.029 per option were derived using Black-Scholes and Monte Carlo models respectively with a risk-free rate of 4.5% and volatility of 70%. These resulted in a charge of £58,000 for the year.

2,437,990 options under a save scheme were granted in June 2025 with a 3-year vesting period. The fair value of £0.033 per option was derived using a Black-Scholes model with a risk-free rate of 4.5% and volatility of 70%. These resulted in a charge for the year of £9,000.

1,000,000 options were granted in October 2025 under an EMI scheme with a 2.3-year vesting period, with 25% vesting on continued employment and 75% are subject to share price performance conditions. The respective fair values of £0.023 and £0.012 per option were derived using Black-Scholes and Monte Carlo models respectively with a risk-free rate of 4.5% and volatility of 70%. These resulted in a charge of £2,000 for the year.

1,038,984 options were granted in October 2025 to a director under the terms of a salary sacrifice scheme with an 8-month vesting period. The fair value of £0.04 applied per option is equivalent to the salary sacrifice made. This resulted in a charge in the year of £10,000.

The unexercised share options at 31 December 2025 were as follows

Date of issue	Number of options in the Company	Exercise price per share £	Fair value per share £
February 2022	2,652,245	0.085	0.171
February 2022	7,162,280	0.035	0.012
February 2022	2,000,000	0.25	0.086
November 2022	14,652	0.32	0.176
June 2023	200,000	0.30 to 0.42	0.008 to 0.21
June 2023	73,635	0.22	0.103
February 2024	2,149,472	0.01	0.036 to 0.073
May 2024	314,162	0.105	0.061
May 2025	7,500,000	0.01	0.029 to 0.053
June 2025	1,977,992	0.048	0.033
October 2025	1,000,000	0.01	0.012 to 0.023
October 2025	1,038,984	0.01	0.04
26,083,422			

At 31 December 2025 the remaining options had an average estimated remaining vesting period of 0.96 years and an average exercise price of £0.05 per option (2024: 0.41 years and an average exercise price of £0.08 per option).

	Number of options
At 31 December 2023	22,316,916
Exercised in the year	(1,500,000)
Granted in the year	3,284,129
Lapsed or cancelled in the year	(8,454,830)
At 31 December 2024	15,646,215
Granted in the year	12,976,974
Lapsed or cancelled in the year	(2,539,767)
At 31 December 2025	26,083,422

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

21. Share based payments continued

Prior year grants

1,149,311 options under an EMI scheme were granted in February 2024 with a 2.7 year vesting period. 25% vest on continued employment and 75% are subject to total shareholder return performance conditions. The respective fair values of £0.072 and £0.036 per option was derived using a Black-Scholes model with a risk-free rate of 4.5% and volatility of 50%. 1,149,311 options under an EMI scheme were also granted in February 2024 with a 3-year vesting period. 25% vest on continued employment and 75% are subject to total shareholder return performance conditions. The respective fair values of £0.072 and £0.054 per option was derived using a Black-Scholes model with a risk-free rate of 4.5% and volatility of 50%. These resulted in a charge of £43,000 (2024: £43,000) for the year.

944,257 options under a save scheme were granted in May 2024 with a 3-year vesting period. The fair value of £0.061 per option was derived using a Black-Scholes model with a risk-free rate of 4.5% and volatility of 50%. These resulted in a charge for the year of £15,000 (2024: £9,000).

The total share based payment charge in the year was £130,000 (2024: £182,000).

22. Post balance sheet events

Incident

Subsequent to the year end, an incident occurred in relation to a unit undergoing FAT. The unit build was not completed until February 2026, with further component adjustments made after 30 April 2026. A preliminary investigation suggests the expected cause is likely to have been related to events subsequent to 31 December 2025 and not attributed to design or equipment existing at the balance sheet date. The Directors therefore consider that based on the information available, the event is a non-adjusting event after the reporting period and no adjustment has been made in these financial statements.

The incident has had several consequential affects, including scrapping the damaged unit, a settlement of the customer contract, a change in business strategy to licencing and manufacturing partnerships, and potential insurance recovery, all of which are as a result of the incident, and therefore also considered to be non-adjusting events after the reporting date.

Inventory

Work in progress amounting to £865,000 at 31 December 2025 is expected to be written down to £nil post year end.

Following the decision to pursue manufacturing through third-party partnerships, most stock is expected to be sold. Management expects to recover approximately 10% of carrying value, which at the time of the incident was £1,257,000. Accordingly, the Group estimates a post-year end stock write down by £1,132,000.

Onerous contract provision

Prior to the incident expected costs to completion of the Contract was £705,000. The Group has agreed a legal settlement with Lagan MEICA Ltd (subject to completion of a Group's fundraise) to terminate the sales contract. Taking into account the settlement payment and the costs leading up to the incident, the revised onerous contract provision will be £955,000.

Tangible fixed assets

Plant and machinery are expected to be sold during 2026, with management expecting to recover approximately 20% of net book value, giving rise to an estimated post year end write down of £191,000. No further impairment has been identified for other tangible fixed assets.

Intangible assets

No additional impairment is considered necessary for intangible assets, reflecting the Group's planned focus on licensing and manufacturing partnerships to leverage and develop the intellectual property held with respect to MFE technology and associated knowhow and capabilities in relation to development, procurement, build, commissioning and safety.

Insurance claim

A potential insurance claim has been submitted, although the value and outcome remain uncertain at the date of approval of these financial statements. Any recovery will be recognised when virtually certain.

22. Post balance sheet events continued

Term Sheet signed with Hidrigin

On 24 June 2026 the Group entered into a binding term sheet with Hidrigin whereby parties agree by no later than 31 July 2026, to effect the following material matters:

Enter a convertible loan note for £750,000 with an interest rate of 10% per annum, and rights to convert both principal and interest to ordinary shares at specific trigger points. The conversion price is based on a 46% discount to the prevailing price, but at no higher than 3.7p and no lower than 1p.

- The £750,000 is funded by converting the invoice payments received from Hidrigin in relation to a sales contract and recognised as deferred revenue as at 31 December 2025.
- The parties will enter into an exclusivity agreement for a period of nine months, to discuss and negotiate an exclusive Strategic Partnership and Manufacturing and Technology Development Agreement between the parties.
- CPH2 agrees to sell certain stock and the MFE110 electrolyser, subject to conditions, to Hidrigin.
- The parties agree to amend the existing licence agreement to allow Hidrigin the right to manufacture CPH2 Electrolysers for their own use in the United States.

As at the date of approval of these financial statements, these Heads of Terms had not yet translated into a substantive agreement and therefore it cannot be certain that they will. The Head of Terms agreement is a non-adjusting event after the reporting period and no adjustment has been made in these financial statements.

Fundraise

On 30 June 2026 the Group agreed that the first tranche of a fundraise had been completed, raising £2.5m gross proceeds. The admission of shares and receipt of funds is expected to occur on 8 July 2026. On the same day the Board agreed the second tranche of a fundraise for up to £7.5m gross proceeds, subject to a general meeting with shareholders, which is expected to be held during week commencing 20 July 2026. The fundraise comprises of proposed aggregate issuance of up to 666.7m new ordinary shares raising an expected £10m gross funds.

23. Control and related party transactions

At 31 December 2025, the Company was an ultimate parent company. There is no individual ultimate controlling party.

The key management personnel are considered to be the Directors of the Company and its subsidiaries. Please refer to note 6 for details of key management personnel remuneration.

There have been no transactions with Directors and with other entities over which the Directors have control in respect of outstanding expense balances and amounts owed in respect of consultancy fees charged included in trade and other payables.

Further details of the options issued and exercised is shown within the Directors' Remuneration Committee Report on pages 25 to 28.



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