17 August 2022

Libertine Holdings PLC

("Libertine" the "Company" or the “Group”)

Full year results for the twelve months ended 31 March 2022

Libertine Holdings PLC (LSE AIM: LIB), a developer of clean, highly efficient and fuel-flexible Linear Generator products, today announces its maiden audited consolidated results for the twelve months ended 31 March 2022 following Admission to AIM in December 2021.

Highlights

- Delivered £2.9m of commercial and grant revenue in the financial period (FY2020/21: £0.1m).
- Framework agreement with General Electric Company (“GE”) signed in July 2021 for use of Libertine’s proprietary technology platform, with first phase of development ongoing.
- Funds raised at IPO utilised to continue strengthening of team with appointment of additional Engineering and Technology development personnel.
- £6.7m of cash reserves at period end.

Post period end

- Performance validation prototype design and manufacture has been completed ahead of combustion testing with MAHLE Powertrain from Q3 of FY2022/23.
- Awarded additional grant funding contract to support further development with MAHLE Powertrain, including fuel system adaptations to demonstrate clean combustion of Hydrogen and fuel flexibility to use Compressed Natural Gas (CNG) in heavy duty hybrid powertrains.
- Award of London Stock Exchange’s Green Economy Mark, recognising our contribution to the transition to Net Zero and the essential role of our technology in the decarbonisation of ‘hard to electrify’ transport applications.
- Other recent developments since the year end include formation of US subsidiary intelliGEN Inc. and announcement of strategic partnership with Italian engine developer OFFICINA MOTO ITALIA.

Outlook

The Company continues to deliver on its commercial and grant income contracts and invest in the development of its technology platform. Libertine remains focused on securing long-term relationships with Original Equipment Manufacturers (OEMs), manufacturing partners and strategic development partners, and supporting OEM development programmes via engineering services ahead of licensing our technology for high volume manufacture.

Sam Cockerill, Chief Executive of Libertine, commented:

"We are pleased to have delivered both technical and commercial progress in the period in line with our plans set out at IPO. Our fundraising and listing on the London Stock Exchange's AIM market have enabled us to continue to invest for growth and support the use of Libertine's technology by our customers and strategic partners.

Having now completed our LGN120 prototype, Libertine is well placed to demonstrate the substantial performance benefits of our technology to an increasing number of prospective partners, and bring our Linear Generator technology to market."

Full year results presentation

Sam Cockerill, Chief Executive Officer, and Gareth Hague, Chief Financial Officer, will be hosting an Investor Meet Company presentation at 11.30am (UK time) on 17 August 2022. Please sign up via the following link https://www.investormeetcompany.com/libertine-holdings-plc/register-investor.

For more information, please visit www.libertine.co.uk or contact:

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Notes to editors

Founded in 2009, Libertine has developed a technology platform solution for powertrain Original Equipment Manufacturers ("OEMs"), enabling efficient and clean power generation from renewable fuels. Libertine was admitted to trading on the AIM market of the London Stock Exchange in December 2021. Libertine's linear electrical machines, controls and developer tools together form a technology platform (intelliGEN™) which the Company provides to customers for the development of clean, highly efficient and fuel-flexible Linear Generator products. The platform is a result of over a decade of development of Linear Generator technology with multiple successful client-led programmes.

The potential market for Linear Generator products goes well beyond the distributed power generation applications where Linear Generators are already in commercial use today, complementing intermittent renewable power with clean, on-demand power generation. Linear Generators also have the potential to complement battery electrification in hybrid powertrains as range extenders, addressing the practical and economic barriers to rapid adoption of clean electric propulsion using battery electric powertrain technology alone. Linear Generator products using Libertine's technology could work alongside battery electrification in a wide range of hybrid systems including:

- Heavy-duty hybrid powertrains of trucks, buses, tractors, construction and mining equipment;
- Medium and light-duty hybrid powertrains of commercial vehicles operating over longer distances;
- A proportion of the passenger automotive market where vehicle use and recharging constraints are a barrier to battery electrification; and
- A wide range of off-grid, portable power and distributed power generation applications.

Libertine receives engineering fees by providing its linear e-machine hardware, controls and developer tools into OEM client product development programmes, and seeks to license its technology for volume production. Working with OEMs from an early stage in the development cycle ensures Libertine's technology is effectively integrated into OEM products, maximising the performance and economic benefits provided by Libertine's platform technology. Libertine has developed a portfolio of over 30 granted patents in addition to a significant body of technical know-how developed since the company's formation in 2009. The Company's senior management team and board includes executives with decades of deep technical experience in the automotive and energy industries.

Chief Executive's Statement

I am pleased to report on our strategic progress and business performance since our successful IPO in December 2021. Our fundraising and listing on the London Stock Exchange's AIM market have enabled us to continue to invest for growth and support the adoption and use of Libertine's technology by our OEM customers and strategic development partners.

Our mission is to bring forward the widespread use of Linear Generators in transport and distributed power applications.

Business Overview

Manufacturers of heavy-duty commercial vehicles have pledged to go "fossil free" by 2040 through a combination of powertrain technologies that include battery electrification, green hydrogen, renewable biofuels and synthetic low carbon "e-fuels". Achieving this will require the rapid deployment of fossil fuel-free capable trucks by 2030; however, this can only happen if there is large demand from transport operators based on the use case economics for such trucks.

Battery electrification is not a universal solution to the problem of decarbonising transport. A number of significant economic barriers prevent trucks powered solely by battery electric powertrain technology from achieving decarbonisation of the heavy goods transport industry, including:

- reduced payload, due to the size and weight of batteries required;
- unproductive miles and hours, to charge the batteries;
- few charging points, creating uncertainty for truck operators and the need for off-route miles; and
- higher vehicle costs, predominantly due to the battery costs.

Libertine has developed a Linear Generator technology platform which has the potential to complement battery electrification within hybrid powertrains, addressing a number of the significant economic barriers set out above. Linear Generators are already in commercial use in distributed power generation applications today, displacing diesel generators due to their favourable operating economics compared to conventional internal combustion engine generators. Libertine's technology will help meet the global need for clean, reliable and affordable transport and electrical power wherever it is needed, transforming the lives of millions of people.

Strategic Priorities

Libertine's proposed technology licencing model supports stage-gated development by OEM partners seeking to address key performance, technical, economic and route-to-market risks and to develop their own proprietary combustion systems and product integration IP. In the near term, in addition to grants, Libertine expects to continue to generate a high proportion of its revenue in engineering fees for developing and providing linear e-machine hardware, controls and developer tools to power generator OEM customers.

Over time, as client development programmes result in the launch of commercial Linear Generator products, Libertine expects to increase the proportion of revenue generated from advance licence fees and from royalties charged per unit on every Linear Generator product or system that uses Libertine's technology.

During the year, Libertine has developed and hardened its technology platform and completed the design and manufacture of a performance validation prototype Linear Generator, "LGN120". Pre-acceptance testing of this system is currently on-going ahead of combustion testing at MAHLE Powertrain.

Additional grant funding has been awarded since the year end to support further development of LGN120, including fuel system adaptations to demonstrate a key differentiator of Linear Generator technology: fuel flexibility. Planned modifications to LGN120 will allow it to run on blends of hydrogen and CNG, and this fuel flexibility has the potential to accelerate the global adoption of such powertrains in advance of the widespread deployment of hydrogen refuelling infrastructure.

In July 2021, General Electric Company ("GE") and Libertine entered into a framework agreement to support GE's use of Libertine's proprietary technology platform. The first phase of engineering development with GE began in FY2021/22 and has continued since the year end. In addition, Libertine has delivered engineering services to a number of other customers across Europe and the USA. These commercial contracts provide the business with confidence in its revenue model and the effective integration of Libertine's platform technology into OEM product development programmes.

Market Overview

The addressable market for Linear Generators is significant, including over twelve million heavy duty and light duty commercial vehicles, and more than one million distributed power generator sets for energy storage, off-grid and waste-to-energy applications. Libertine's technology platform is scalable across multiple market segments, covering applications from 5-150 kilowatts of electrical power.

During the year, grant funded work with MAHLE Powertrain has focused on the design and manufacture of the LGN120 performance validation prototype for heavy duty powertrain applications. Other engineering services contracts utilising the same underlying technology have also been delivered, across multiple application sectors, including energy storage and hydrogen compression.

Financial Performance

During the year the Group delivered £2.9m of commercial revenue and grant income, a significant increase on the £0.1m delivered in the prior year. The business has continued to deliver operational milestones across a number of revenue and grant contracts and is gaining commercial traction and increased interest from OEMs.

Grant income of £2.1m in FY2021/22 was in relation to development of the LGN120 performance validation prototype for heavy duty powertrains. The design and manufacture on this project was completed in the year and pre-acceptance testing is on-going, ahead of combustion testing at MAHLE Powertrain from FY2022/23 Q3.

Commercial revenues of £0.8m were delivered across a number of engineering services contracts, including the on-going work with GE. As of 31 March 2022, the Group had cash reserves of £6.7m.

Outlook

The Company continues to deliver on its commercial and grant income contracts and invest in the development of its technology platform.

Following the FY2021/22 financial year end we have successfully completed the manufacture of our LGN120 performance validation prototype, having worked through the significant global supply chain challenges that have impacted our business throughout FY2021/22. In particular, the limited availability and extended lead times for microcontrollers, power electronics, magnets and other key component hardware have impacted the procurement and assembly of the LGN120 prototype and our other related projects.

Despite these challenges faced by Libertine, the global challenges of climate change and energy security in 2022 are greater than ever. The world needs clean power from renewable fuels to complement battery electrification in hybrid vehicles; to balance intermittent renewables on the grid; and to provide resilient, distributed power generation solutions to support conventional utility scale power generation.

Libertine remains focused on developing long-term relationships with Original Equipment Manufacturers (OEMs), manufacturing partners and strategic development partners, and supporting OEM development programmes via engineering services ahead of licensing our technology for high volume manufacture.

Having now completed our LGN120 prototype, Libertine is well placed to demonstrate the substantial performance benefits of our technology to an increasing number of prospective partners, and bring our Linear Generator technology to market.

Financial Review

FY2021/22 was a successful year for Libertine, with strong commercial traction converted into the delivery of income milestones, and the completion of a transformational IPO in December 2021. The funds raised at IPO will allow the business to invest in its core technical development and people, to create a sustainable business model and realise strong growth prospects.

We remain committed to delivering on our current customer programmes and supporting the integration of our technology platform into the products of our customers.

Financial Performance

	FY2021/22 £m	FY2020/21 £m
Commercial revenue	0.8	0.0
Grant income	2.1	0.1
Total income	**2.9**	**0.1**
Cost of sales	(2.5)	(0.0)
Admin expenses	(1.3)	(0.8)
Adjusted EBITDA	**(0.9)**	**(0.7)**
Exceptional items	(1.0)	-
Net interest charge	(1.4)	(0.1)
Loss before tax	**(3.3)**	**(0.8)**
Taxation	0.1	0.1
Loss after tax	**(3.2)**	**(0.7)**

Revenues and Grant Income

Commercial revenues in the year were generated from engineering services on a number of customer programmes. The majority of the commercial revenue came from the engineering development with GE, on the first phase of our joint development agreement. This programme is continuing into FY2022/23.

Grant income in the period related to a twelve-month programme commencing in March 2021 for the development of the LGN120 prototype for heavy duty powertrains using renewable bioethanol. The design and manufacture of the system to work with MAHLE Powertrain's internal combustion engine has been completed and is now ready for pre-acceptance testing to commence in FY2022/23. In Q1 FY2022/23, the Group was awarded additional grant funding of £0.4m to support further development with MAHLE Powertrain, including fuel system adaptations to demonstrate hydrogen and compressed natural gas ("CNG") fuel flexibility. This grant income is expected to be delivered in FY2022/23.

Operating Expenses

Administrative expenses increased in the period, as a result of further investment into the technology and engineering teams, as well as incremental costs as a result of the IPO, such as professional fees and insurance costs. As planned, post-IPO we have continued to invest in our engineering and technology teams to support customer programmes and the technology roadmap.

Share option charges related to the Enterprise Management Incentive share schemes in issue prior to the IPO. Cash expenses incurred in relation to the IPO and share issue amounted to £1.5m. £0.7m of these expenses related to the share issue and have been recorded against the share premium account. The net amount of £0.8m has been recorded as an operating exceptional item and excluded from management's underlying non-GAAP performance measures (as defined in note 7).

Exceptional costs of £1.0m also included £0.2m of share option charges, as a result of the acceleration of the vesting upon the IPO.

Adjusted EBITDA
The Adjusted EBITDA loss of £0.9m (FY2020/21 unaudited: £0.7m) increased on the prior year as higher gross margin contributions from greater revenues (including grant income) were offset by further investment in core technical development and engineering capacity. Adjusted EBITDA is calculated after adding back operating costs of an exceptional nature, which are not considered to form part of the underlying performance. The reconciliation of adjusted EBITDA to loss from operations for the financial year is shown in note 7.

Finance Income and Expense
Net interest charges of £1.4m (FY2020/21 unaudited: £0.1m) predominantly related to the movement in the fair value of the convertible loan note up to its conversion at the IPO. No similar charges are expected to be incurred post-IPO.

Taxation
The tax credit for the current and prior year relates to research and development tax credits. No corporation tax charge has been incurred in the year as a result of the losses before taxation. The Group has £3.4m of unutilised tax losses as at 31 March 2022.

Cash
The Group end of year cash balance for FY2021/22 was £6.7m (FY2020/21 unaudited: £0.3m). The Group raised £9.0m, before £1.5m of share issue and Listing costs.

Accounting policies
The consolidated financial information has been prepared consistently in accordance with UK-adopted International Accounting Standards.

Going Concern
The Directors have undertaken a comprehensive assessment to consider the Group and the Company's ability to trade as a going concern for a period of twelve months from the date of approving the financial statements.

The Directors have robustly tested the going concern assumption in preparing these financial statements, taking into account the Group's liquidity position as at 31 March 2022 and a number of severe but plausible downside scenarios, which collectively would be considered remote, and remain satisfied that the going concern basis of preparation in the financial statements is appropriate.

On the basis of the Group's current financial position and forecast cash flows, the Directors consider and have concluded that the Group and Company will have adequate resources to continue in operational existence for at least the next twelve months from the date of approving the financial statements. Accordingly, they continue to adopt a going concern basis in the preparation of the financial statements.

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2022

	Note	Year ended 31 March 2022 £'000 Audited	Year ended 31 March 2021 £'000 Unaudited
Revenue	4	**824**	**32**
Cost of sales		(664)	(12)
Gross profit		**160**	**20**
Other operating income	5	2,041	112
Administrative expenses		(4,100)	(851)
Loss from operations		**(1,899)**	**(719)**
Finance income	8	6	-
Finance expense	8	(1,412)	(98)
Loss before taxation		**(3,305)**	**(817)**
Taxation	9	83	111
Loss for the year and total comprehensive loss for the year attributable to the owners of the company		**(3,222)**	**(706)**
Basic and diluted earnings per share (pence)	10	(3.3p)	(0.9p)

The above results were derived from continuing operations.

There are no items of comprehensive income other than the loss for the period and therefore, no statement of other comprehensive income is presented.

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position
as at 31 March 2022

	Note	As at 31 March 2022 £'000 Audited	As at 31 March 2021 £'000 Unaudited
ASSETS			
Non-current assets			
Property, plant and equipment		54	10
Right-of-use assets		19	51
		73	**61**
Current assets			
Inventory		107	-
Trade and other receivables	11	1,192	797
Corporation tax receivable		128	111
Cash and cash equivalents		6,697	280
		8,124	**1,188**
Total assets		**8,197**	**1,249**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	14	139	-
Share premium account	15	10,414	-
Merger reserve		3,401	3,483
Share option reserve		351	80
Accumulated losses		(7,156)	(3,934)
Total equity		**7,149**	**(371)**
LIABILITIES			
Non-current liabilities			
Borrowings	13	-	694
Lease liability, non-current		-	10
		-	**704**
Current liabilities			
Trade and other payables	12	886	239
Contract liability		150	640
Lease liability, current		12	37
		1,048	**916**
Total liabilities		**1,048**	**1,620**
Total Equity and Liabilities		**8,197**	**1,249**

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2022

	Issued capital £'000	Share premium account £'000	Merger reserve £'000	Share option reserve £'000	Accumulated losses £'000	Total £'000
Balance as at 1 April 2020	-	-	3,483	17	(3,228)	272
Total comprehensive loss for the year	-	-	-	-	(706)	(706)
Share option charge	-	-		63	-	63
As at 31 March 2021 (Unaudited)	-	-	3,483	80	(3,934)	(371)
Total comprehensive loss for the year	-	-	-	-	(3,222)	(3,222)
Share for share exchange	82	-	(82)	-	-	-
Issue of shares	57	11,094	-	-	-	11,151
Share issue costs	-	(680)	-	-	-	(680)
Share option charge	-	-	-	271	-	271
As at 31 March 2022	**139**	**10,414**	**3,401**	**351**	**(7,156)**	**7,149**

Issued capital and share premium account reflect the shares issued by the Company to date.

The merger reserve represents a reserve arising on consolidation, as a result of accounting for the share for share exchange in December 2021.

Share option reserve relates to the cumulative charges for share options.

Accumulated losses reflects the cumulative comprehensive losses of the Company.

Consolidated Statement of Cash Flows
for the year ended 31 March 2022

	Year ended 31 March 2022 Audited £'000	Year ended 31 March 2021 Unaudited £'000
Cash flows from operating activities		
Loss after tax for the year	(3,222)	(706)
Adjustments for:		
Taxation	(83)	(111)
Depreciation of property, plant & equipment	9	11
Depreciation of right-of-use asset	32	32
Share option charge	271	63
Finance expense	1,412	98
Finance income	(6)	-
Equity settled transactions or services	30	-
Tax credits received	111	148
Changes in working capital:		
Increase in inventories	(107)	-
Increase in trade and other receivables	(395)	(633)
Increase in trade and other payables	114	775
Net cash used in operating activities	**(1,834)**	**(323)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(53)	(2)
Finance income received	6	-
Net cash used in investing activities	**(47)**	**(2)**
Cash flows from financing activities		
Proceeds from borrowings	-	600
Payment of lease liabilities	(37)	(37)
Share issue (net of issue costs)	8,335	-
Net cash generated from financing activities	**8,298**	**563**
Net increase in cash and cash equivalents	6,417	238
Cash and cash equivalents at the beginning of the year	280	42
Cash and cash equivalents at the end of the year	**6,697**	**280**

Notes

1. General information and basis of preparation

Libertine Holdings PLC ("Libertine" or the "Company") is a company incorporated and domiciled in the United Kingdom (registered number 13724783). The Company was incorporated on 5 November 2021 in the United Kingdom and is a public company limited by shares registered in England and Wales. The address of the Company's registered office is 1 Coborn Avenue, Tinsley, Sheffield, S9 1DA.

The principal activity of the Company is that of investment holding. The principal activity of the Group is the development of linear electrical machines.

On 7 December 2021, the Company entered into agreements with all of the shareholders of Libertine FPE Limited for a share for share exchange regarding the Ordinary Shares in Libertine Holdings PLC and Ordinary Shares in Libertine FPE Limited. As a result of this transaction, the ultimate shareholders in the Company received shares in Libertine Holdings PLC in direct proportion to their original shareholding in Libertine FPE Limited.

The transaction was accounted for as a capital reorganisation rather than a reverse acquisition since it did not meet the definition of a business combination under IFRS 3. In a capital reorganisation, the consolidated financial statements of the Group reflect the predecessor carrying amounts of Libertine FPE Limited with comparative information of Libertine FPE Limited presented for all periods since no substantive economic changes have occurred. The comparative information is unaudited.

The consolidated financial statements have been prepared in accordance with UK adopted International accounting standards and UK Companies Act 2006.

The financial information for the year ended 31 March 2022 and the year ended 31 March 2021 does not constitute the Group's statutory accounts for those periods. The statutory accounts for the period ended 31 March 2022 will be delivered to the Registrar of Companies following the Group's Annual General Meeting.

The auditors' report on the accounts for the year ended 31 March 2022 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

2. Going Concern

The consolidated financial statements have been prepared on a going concern basis.

The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous review of financial forecasts and available resources, including funds raised through the listing process, with additional consideration given to the uncertain impacts resulting from the COVID-19 pandemic, including short-term disruption and potential longer-term changes.

The Directors have prepared cash flow forecasts for the Group covering at least the twelve-month period from the date of approving the consolidated financial statements, which indicate that, taking account of severe but plausible downside scenarios, the Group and the Company will have sufficient funds to meet its liabilities as they fall due for that period.

On the basis of the forecast cash flows, taking into account the funds raised through the listing process, the Directors consider and have concluded that the Group will have adequate resources to continue in operational existence for at least twelve months from the date of approving the consolidated financial statements. For these reasons they have prepared the consolidated financial statements on a going concern basis.

3. Accounting policies

The principal accounting policies adopted in preparation of the consolidated financial statements of the Group have been applied consistently to all period presented.

4. Revenue

Revenue arises from:

	Year to 31 March 2022 £'000 Audited	**Year to 31 March 2021 £'000 Unaudited**
North America	798	1
EMEA	26	31
	824	32

In the year ended 31 March 2022, one customer generated more than 10% of total revenue (31 March 2021: one).

Revenue by category:

	Year to 31 March 2022 £'000 Audited	**Year to 31 March 2021 £'000 Unaudited**
Engineering Services	824	32
	824	32

The table below shows how much revenue recognised in the current year relates to carried forward contract liabilities and unsatisfied performance obligations resulting from the long-term contract with customers:

	Year to 31 March 2022 £'000 Audited	**Year to 31 March 2021 £'000 Unaudited**
Grant income recognised that was included in the contract liability balance at the beginning of the year	640	-
Aggregated amount of transaction price allocated to unsatisfied performance obligation during in the year	150	640

5. Other Operating Income

Other operating income by category:

	Year to 31 March 2022 £'000 Audited	Year to 31 March 2021 £'000 Unaudited
Grant income	2,041	98
Coronavirus Job Retention Scheme Income	-	14
	2,041	112

Government Grants

Grant income relates to government grant schemes aimed at supporting industrial research and development to bring new products and technologies to market and support the long-term sustainable growth of businesses. The Group enters into grant schemes to provide funding towards the further development of its technology platform.

6. Operating segments

IFRS 8 requires that operating segments be identified on the basis of internal reporting and decision-making. The Company is operated as one business by its executive team, with key decisions being taken by the same leaders irrespective of the geography where work for clients is carried out. Management therefore consider that the Company has one operating segment. As such, no additional disclosure has been presented under IFRS 8.

7. Reconciliation of GAAP to non-GAAP measures

The Group uses a number of 'non-GAAP' figures as comparable key performance measures, as they exclude the impact of items that are non-cash items and also items that are not considered part of ongoing underlying trade. The Group's 'non-GAAP' measures are not defined performance measures in IFRS. The Group's definition of the reporting measures may not be comparable with similar titled performance measures in other entities.

Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") is calculated as follows:

	Year to 31 March 2022 £'000 Audited	Year to 31 March 2021 £'000 Unaudited
Loss from operations	(1,899)	(719)
Add back:		
Depreciation of property, plant and equipment	9	11
Deprecation of lease asset	32	32
EBITDA	**(1,858)**	**(676)**
Add back:		
Operating costs of exceptional nature	984	-
Adjusted EBITDA	**(874)**	**(676)**

Operating costs of an exceptional nature have been excluded as they are not considered part of the underlying trade. Operating costs of an exceptional nature include professional fees of £753,000 in connection with the IPO and share-based payment charges of £231,000 on acceleration of the schemes as a result of them vesting at the IPO date.

Adjusted operating loss is calculated as follows:

	Year to 31 March 2022 £'000 Audited	Year to 31 March 2021 £'000 Unaudited
Loss from operations	(1,899)	(719)
Add back:		
Operating costs of exceptional nature	984	-
Adjusted loss from operations	**(915)**	**(719)**

Adjusted loss after tax is calculated as follows:

	Year to 31 March 2022 £'000 Audited	Year to 31 March 2021 £'000 Unaudited
Loss after tax	(3,222)	(706)
Add back:		
Operating costs of exceptional nature	984	-
Movement in fair value of convertible loan note (note 8)	1,410	94
Adjusted loss after tax	**(828)**	**(612)**

Free cash flow conversion is calculated as follows:

	Year to 31 March 2022 £'000 Audited	Year to 31 March 2021 £'000 Unaudited
Adjusted loss from operations	(915)	(719)
Adjusted for:		
Depreciation of property, plant and equipment	9	11
Deprecation of lease asset	32	32
Share option charges	40	63
Net working capital change	(390)	142
Purchase of PPE	(53)	(2)
Underlying cash flow from operations	**(1,277)**	**(473)**
Underlying operating cash flow conversion	140%	66%
Net interest paid	6	-
Income tax received	111	148
Payment of lease liabilities	(37)	(37)
Free cash flow	**(1,197)**	**(362)**
Adjusted EBITDA	(874)	(676)
Free Cash Flow Conversion	**137%**	**53%**

8. Finance income and expense

	Year to 31 March 2022 £'000 Audited	Year to 31 March 2021 £'000 Unaudited
Interest receivable	6	-
Interest payable:		
Movement in fair value of convertible loan note	(1,410)	(94)
Interest on lease liability	(2)	(4)
	(1,412)	**(98)**
	(1,406)	**(98)**

9. Taxation

Income taxes recognised in profit or loss	**Year to 31 March 2022 £'000 Audited**	**Year to 31 March 2021 £'000 Unaudited**
<u>Current tax</u>		
UK tax credit for the year	83	111
Deferred tax	-	-
Total income tax credit recognised	**83**	**111**
Loss on ordinary activities before tax	(3,305)	(817)
Loss on ordinary activities multiplied by normal rate of tax (19%)	628	155
Effects of:		
Non-deductible expenses	(413)	(20)
R&D tax credit	83	111
Share based payments	51	12
Deferred tax asset not recognised	(266)	(147)
Tax credit for the year	**83**	**111**

The Group was not liable for corporation tax during the past two years due to taxable losses being sustained in each of the years reported.

The Group has not recognised the deferred tax assets as the business is developing its products. When there is clear visibility of profits, the Group will recognise the deferred tax assets to the extent that sufficient taxable income will be available. Accumulated tax losses carried forward were £3.4m (31 March 2021 unaudited: £2.6m).

On 3 March 2021, the 2021 UK Budget announced an increase to the corporation tax rate from 19% to 25% effective from April 2023. This was substantively enacted on 24 May 2021.

10. Earnings per share

	Year to 31 March 2022 Audited	Year to 31 March 2021 Unaudited
Basic earnings per share		
Loss attributable to equity shareholders of the parent (£'000)	(3,222)	(706)
Weighted average number of shares in issue	97,417,339	82,411,310
Basic loss per share (pence)	**(3.3p)**	**(0.9p)**

Basic loss per share is based on the weighted average number of ordinary shares in issue during the period. Diluted loss per share would assume conversion of all potentially dilutive ordinary shares arising from the share schemes detailed in note 14. Due to the losses in both periods there are no potentially dilutive ordinary shares, and therefore there is no difference between the basic and diluted loss per share.

The consolidated financial information represents the historical information prior to a group reorganisation on 23 December 2021 whereby the Company became the parent company of the enlarged group. It is of limited significance to calculate earnings per share on the historical equity of the companies forming the Group prior to the reorganisation.

The weighted average number of shares uses the number of shares in issue on admission to AIM on 23 December 2021. This has been applied retrospectively to the number of shares in issue at 31 March 2021 and the metric has been restated to ensure that the adjusted earnings per share figures are comparable over the two periods.

Adjusted earnings per share
The calculation of adjusted earnings per share is based on the adjusted loss after tax, as presented in note 7. Adjusted earnings per share figures are given to exclude the effects of exceptional items and pre-reorganisation finance costs, all net of taxation, and are considered to show the underlying performance of the Group.

The weighted average number of shares uses the number of shares in issue post admission on 23 December 2021.

	Year to 31 March 2022 Audited	Year to 31 March 2021 Unaudited
Adjusted earnings per share		
Adjusted loss after tax (note 7) (£'000)	(828)	(612)
Weighted average number of shares in issue	97,417,339	82,411,310
Basic loss per share (pence)	**(0.8p)**	**(0.7p)**

11. Trade and other receivables

	As at 31 March 2022 £'000 Audited	As at 31 March 2021 £'000 Unaudited
Current		
Trade receivables – gross	637	10
Provision for impairment of trade receivables	-	-
	637	10
Other Debtors	32	768
VAT Debtor	205	-
Prepayments	318	19
	1,192	**797**

The Group had no past due trade receivables as at 31 March 2022 (31 March 2021 unaudited: £nil).

Trade receivables are non-interest bearing and receivable under normal commercial terms. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value and that no impairment is required at the reporting dates. Trade and other receivables represent financial assets and are assessed for impairment on an expected credit loss model. Therefore, there is no expected credit loss provision for impairment at 31 March 2022 (31 March 2021 unaudited: £nil).

The impairment loss recognised in the income statement for the period in respect of expected credit losses was £nil (2021 unaudited: £nil).

12. Trade and other payables

	As at 31 March 2022 £'000 Audited	As at 31 March 2021 £'000 Unaudited
Trade payables	426	27
Tax and social security payable	30	132
Other payables	-	52
Accruals	430	28
	886	**239**

The fair values of the Company's trade and other payables are considered to equate to their carrying amounts.

13. Borrowings

	As at 31 March 2022 £'000 Audited	As at 31 March 2021 £'000 Unaudited
Current	-	-
Non-current	-	694
	-	**694**

Movement in net borrowings:

	As at 31 March 2022 £'000 Audited	As at 31 March 2021 £'000 Unaudited
Borrowings at 1 April	694	-
Convertible loan notes issued	-	600
Movement in fair value of convertible loan note	1,410	94
Conversion of loan notes	(2,104)	-
	-	**694**

In July 2020 the Group issued £600,000 convertible loan notes to four investors with a nominal value of £600,000. The loan notes had a term until July 2023 and a coupon rate of 8%. The loan notes automatically convert to shares in the Company upon a Listing. Had conversion not occurred the loan notes were repayable in full in July 2023. The loan notes were treated as non-current borrowings to match the financial instrument.

On 23 December 2021, the Company issued 10,523,630 Ordinary Shares in Libertine Holdings PLC in settlement of the convertible loan note.

14. Share Capital

	Ordinary Shares (£0.001) Number	£
At 1 April 2020	-	-
Issued	-	-
At 31 March 2021	-	-
Share for share exchange	82,411,310	82,411
Issued	56,407,700	56,408
At 31 March 2022	**138,819,010**	**138,819**

On 7 December 2021, the Group underwent a reorganisation in which Libertine Holdings PLC became the ultimate parent undertaking of the Group. The reorganisation was performed via a share for share exchange, whereby each previous Ordinary Share in Libertine FPE Limited was exchanged for an Ordinary Share in Libertine Holdings PLC.

On 16 December 2021, the Company issued 154,070 Ordinary Shares in Libertine Holdings PLC for an equity settled transaction valued at £30,000.

On 23 December 2021, the Company issued 10,523,630 Ordinary Shares in Libertine Holdings PLC in settlement of the convertible loan note. On the same day the Company issued 45,000,000 Ordinary Shares in Libertine Holdings PLC for £0.20 per share as part of its admission to AIM.

On 4 March 2022, the Company issued 730,000 Ordinary Shares in Libertine Holdings PLC for £0.02 per share to settle share options.

15. Share Premium Account

	£'000
At 1 April 2020	-
Issued	-
At 31 March 2021 (Unaudited)	**-**
Issued	11,094
Share issue costs	(680)
At 31 March 2022	**10,414**

Share premium is the amount subscribed for share capital in excess of nominal value.

Details of the share transactions are included in note 14. The Company incurred £680,000 of professional fees in connection with its share issue.

16. Share-based payments

Since 2017, before the incorporation of Libertine Holdings PLC, options have been granted by Libertine FPE Limited to directors, employees and suppliers to purchase Ordinary Shares. The Company has issued both EMI and Unapproved share options. The options vest over a period of up to ten years from grant date and are exercisable in the event of a listing.

The EMI scheme is open to all qualifying employees who are an employee within the Group working 25 hours per week, or if less, 75% of their working time. The Group has also issued unapproved options for employees, Directors and suppliers who do not meet the EMI criteria.

The options have varying vesting periods, with shares vesting at the point of the IPO listing. The listing is a necessary condition for exercise.

Details of the option plans are as follows:

	As at 31 March 2022 Audited	**As at 31 March 2021 Unaudited**
Outstanding at beginning of year	482,812	352,812
Granted	536,000	130,000
Forfeited	(255,000)	-
	763,812	482,812
December 2021 share reorganisation	6,874,308	-
	7,638,120	482,812
Exercised	(730,000)	-
Outstanding at end of year	**6,908,120**	**482,812**

All options had an exercise price of £0.20 when issued. In December 2021, all outstanding options in Libertine FPE Limited were replaced by options in Libertine Holdings PLC as part of the group reorganisation ahead of the IPO. In advance of the share for share exchange and to ensure parity of the share options with Ordinary Shares in issue, the number of options in issue were increased by a factor of ten, with the exercise price reducing to £0.02 per share.

All other option terms remained the same, and as such there was no difference in fair value at the options replacement date.

The weighted average exercise price on outstanding options at 31 March 2022 is £0.02.

The expected volatility is based on the historical volatility (based on the share price) of comparator companies with publicly available share prices. The risk-free interest rate is based on the average return on ten year UK gilts. Assumed retention of the options was 100%.

The fair value of each option granted was estimated on the grant date using the Black-Scholes option-pricing model with the following assumptions:

	EMI Scheme	**Unapproved Scheme**
Fair values at grant dates (per share)	£0.28 - £0.55	£0.28 - £0.46
Share price at grant dates	£0.47 - £0.64	£0.47 - £0.64
Exercise price	£0.02	£0.02
Expected volatility	70%	70%
Option life (expected weighted average life)	1 – 10 years	0 – 2.8 years
Expected dividend	0%	0%
Risk-free interest rate (based on government bonds)	1.12%	1.12%

The total share option charge in the period was £271,000 (FY2020/21 unaudited: £63,000). £231,000 of the charge in the period was on acceleration of options on vesting, as a result of the IPO. This charge has been accounted for as an operating cost of an exceptional nature.

17. Events after the balance sheet date

No matters have arisen since the balance sheet date.