28 September 2023

Libertine Holdings PLC

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

Full year results for the twelve months ended 31 March 2023

Libertine Holdings PLC (LSE AIM: LIB), a developer of Linear Generator technology, today announces its audited consolidated results for the twelve months ended 31 March 2023.

Highlights

- Delivered £0.9m (FY22: £0.8m) of commercial revenues in the financial period, predominantly with Hyliion Holdings Corp. (NYSE: HYLN, "Hyliion").

- Completion of work with Hyliion for the integration of Libertine's HEXAGEN™ hermetic linear generator technology into their first prototype KARNO™ Hypertruck commercial vehicle demonstrator, exhibited at the ACT Expo in Anaheim CA in May 2023.

- Completion of the design, manufacture and testing of Libertine's intelliGEN™ performance validation prototype linear generator for heavy-duty powertrain applications.

- Libertine has pre-funded the build of a small number of additional intelliGEN™ prototype linear generators which are intended to support OEM development programmes once the second phase of combustion performance validation is complete.

- Memorandum of Understanding (MOU) entered into with Ashok Leyland to evaluate the use of Libertine's intelliGEN™ technology platform and prototype linear generators for its commercial vehicle powertrain development and demonstration.

- Generated OEM commercial interest in our intelliGEN™ and HEXAGEN™ technology platforms for the decarbonisation of heavy-duty powertrain and distributed power generation applications across several geographic regions.

- £2.5m of cash reserves at period end.

Outlook

As of 31 August 2023, the Group had cash reserves of £1.2m, in addition to outstanding debtors of £0.2m and inventories of £0.6m. These cash reserves provide the Group, absent any additional revenues, with the funds required to maintain current operations through to May 2024.

The Company remains committed to developing its intelliGEN™ and HEXAGEN™ technology platforms which the Company provides to its OEM customers for their development of Linear Generator and Linear Motor products.

The Company is presently engaged in commercial and technical dialogue under NDA with prospective OEM customers across a number of different applications and geographic regions.

Sam Cockerill, Chief Executive of Libertine, commented:

"We are pleased to have both intelliGEN™ and HEXAGEN™ platform hardware generating positive test results through dyno testing on programmes in the US and UK. The time taken and costs incurred to reach this stage have been greater than anticipated, and the expected timing of the planned second phase of intelliGEN™ combustion testing has been impacted by changes to test cell infrastructure necessary for operation at higher power levels and for longer durations. We are taking advantage of this downtime to implement a number of performance and durability enhancements that are intended to satisfy stage-gate performance requirements for entry into OEM new product development programmes expected to commence in 2024.

"Commercial interest in our intelliGEN™ technology for the decarbonisation of heavy-duty vehicles and distributed power generation continues to remain robust and we are making good progress with a number of OEM and end product customers who we anticipate will support the further development of the technology."

Full year results presentation

Sam Cockerill, Chief Executive Officer, and Gareth Hague, Chief Financial Officer, will be hosting an Investor Meet Company presentation at 2pm (UK time) on 28 September 2023. 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 provides technology platform solutions for Original Equipment Manufacturers ("OEMs"), enabling efficient and clean power generation from renewable fuels, and more effective energy storage devices and gas compressor systems. Libertine was admitted to trading on the AIM market of the London Stock Exchange in December 2021.

Libertine has created two technology platforms, each using the same core technology elements, which the Company provides to its OEM customers for their development of Linear Generator and Linear Motor products:

- The intelliGEN™ platform enables the creation of clean, highly efficient and fuel-flexible Linear Generator products 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.

- The HEXAGEN™ platform enables more effective energy storage, thermal power generation, waste heat recovery and gas compression products including:
  - Stirling Engine power generators and thermal energy storage systems;
  - Linear motor reciprocating compressor (LMRC) systems for hydrogen refuelling stations; and
  - Organic Rankine Cycle waste heat recovery systems.

These two platforms are a result of over a decade of development and performance validation of Libertine's proprietary core technology elements including its linear electrical machines, controls and developer tools.

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, providing on-board power generation to address the practical and economic barriers to rapid adoption of clean electric propulsion using battery electric powertrain technology alone.

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 generated since the Company's formation. 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 for the financial year.

During the period, Libertine has supported the adoption and use of our Linear Generator technology platforms by our OEM customers and strategic development partners, in line with our strategy.

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 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 the intelliGEN™ and HEXAGEN™ Linear Generator technology platforms which have the potential to complement battery electrification within hybrid powertrains, addressing the significant economic barriers set out above.

Linear Generators are already in commercial use in distributed power generation applications, displacing conventional generators due to their favourable operating economics compared to today's less efficient internal combustion engine generator technology.

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 continued to support the integration of its HEXAGEN™ electrical linear generator technology with Hyliion. We have delivered a number of performance validation prototypes to Hyliion for dyno and on-vehicle testing within their first KARNO™ Hypertruck demonstrator.

Libertine has also advanced its intelliGEN™ linear generator platform through a grant funded program with BEIS. Having completed the design and manufacture of a performance validation prototype Linear Generator, "LGN120", we have completed a first phase of combustion testing at MAHLE Powertrain. In addition to validating the exceptional efficiency and control performance offered by Libertine's intelliGEN platform technology, a key objective of combustion testing is to demonstrate fuel flexibility - an important differentiator for Linear Generators - by running the same engine with both hydrogen and compressed natural gas ("CNG"). This fuel flexibility has the potential to accelerate the global adoption of electrified powertrains in advance of the widespread deployment of hydrogen refuelling and battery recharging infrastructure.

Commercial interest in Libertine's technology platform within powertrain and stationary power applications remains strong, and we expect to support the use of our technology within further 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 and geographies, covering applications from 1–250 kilowatts of electrical power.

During the year, grant funded work with MAHLE Powertrain and work with Hyliion has focused on the design and manufacture of performance validation prototypes for heavy duty powertrain applications. We have also progressed commercial interest across other application sectors, including distributed power for telecom towers and hydrogen compression.

Technical Progress

Investment in core technology development has increased in-line with IPO plans. During the period we are pleased to have delivered a number of performance validation prototypes to customer / partner testing sites in the UK and US, and have provided on-site support to these testing programmes. We have achieved a number of technical milestones, including progressions across durability, efficiency and power output metrics in line with our technology roadmap expectations.

Core technical development in FY2023/24 will focus on specific changes required to the first intelliGEN™ prototype to improve durability and operations across a wider range of compression ratios for fuel flexibility, cold start, transient and lean operation.

Financial Performance

During the year, Libertine has continued to support the integration of its HEXAGEN™ technology platform with Hyliion Holdings Corp. (NYSE: HYLN, "Hyliion") and develop its intelliGEN™ technology platform through grant funded operations with the Department for Business, Energy and Industrial Strategy ("BEIS"), alongside a number of other commercial projects.

The Group delivered £0.9m of commercial revenue and £0.4m of grant income. 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.

Commercial revenues of £0.9m (FY22: £0.8m) were delivered across a number of engineering services contracts, predominantly with Hyliion.

As of 31 March 2023, the Group had cash reserves of £2.5m.

Outlook

Whilst strong technical progress has been made in the year with a number of commercial and grant funded projects now in dyno and on-vehicle testing, development to reach this stage has taken longer than previously expected impacting the timing of follow-on revenues.

We have aligned our technology investment and operational scale up plans with the pace of our commercial progress. We have also amended our go-to-market strategy to focus on key manufacturing partners who have the ability to bring product to market.

Management remains focused on partnering with OEMs to support the funding requirements for bringing the technology to market.

Financial Review

During the period we have continued to deliver on commercial and grant funded programmes for the development of the HEXAGEN™ and intelliGEN™ platforms. In line with our plans set out at IPO, we have invested in our core technical development and engineering capabilities, ahead of the conversion of commercial interest.

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

Financial Performance

	FY2022/23 £m	FY2021/22 £m
Commercial revenue	0.9	0.8
Grant income	0.4	2.1
Total income	**1.3**	**2.9**
Cost of sales	(1.8)	(2.5)
Admin expenses	(3.6)	(1.3)
Adjusted EBITDA	**(4.1)**	**(0.9)**
Exceptional costs	-	(1.0)
Net interest charge	(0.0)	(1.4)
Loss before tax	**(4.1)**	**(3.3)**
Taxation	0.4	0.1
Loss after tax	**(3.7)**	**(3.2)**

Revenues and Grant Income

Commercial revenues in the year were generated from engineering services on a number of customer programmes. The majority of the revenue came from the engineering development with Hyliion (formerly GE) on the first phase of our joint development agreement.

Grant income in the period relates to a new program which commenced with BEIS in March 2022. The additional grant funding is supporting the further development of the intelliGEN™ platform to demonstrate hydrogen and compressed natural gas ("CNG") fuel flexibility.

Operating Expenses

Administrative expenses increased in the period, as a result of investment into core technical development, scale up of the engineering team to support customer contracts and a full year of post-IPO professional fees. In the prior year, expenses included £1.0m of exceptional costs incurred as a result of the IPO.

Share option charges in the current year relate to the Long-Term Incentive Plan issued to all employees. In the prior year, share option charges related to the Enterprise Management Incentive share schemes which had previously been issued and which vested at IPO.

Adjusted EBITDA

The Adjusted EBITDA loss of £4.1m (FY2021/22: £0.9m) increased on the prior year as a result of the planned investment in core technical development, scale up of the engineering team to support customer contracts and a full year of post-IPO professional fees.

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 the loss from operations for the financial year is shown below.

Finance Income and Expense

Net interest charges of £1.4m in the prior year predominantly related to the movement in the fair value of the convertible loan note up to its conversion at the IPO. No similar charges have been incurred, as expected, in the current year.

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 £6.9m (FY2021/22: £3.4m) of unutilised tax losses as at 31 March 2023.

Cash

The Group end of year cash balance for FY2022/23 was £2.5m (FY2021/22: £6.7m). In line with our plans set out at IPO, we have invested during the year in the development of our core technology platform and in the scale up of our operational teams to support OEM customers.

Given the supply chain challenges experienced in the prior year, we have built inventories to support expected sales of intelliGEN™ prototype hardware during FY2023/24. Inventories have increased by £0.4m in the period.

Accounting Policies

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

Going Concern

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

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. As of 31 August 2023, the Group had cash reserves of £1.2m, in addition to outstanding debtors of £0.2m, inventories of £0.6m, corporation tax receivables due of £0.4m and current liabilities of £0.2m.

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 2023 and a number of severe but plausible downside scenarios, which collectively would be considered remote. Absent of any additional revenues, the Group has funds required to maintain current operations, through to May 2024. The Group expects to secure new revenues and incomes within the next 12 months which are more than sufficient to support approving the financial statements as a going concern. The Directors acknowledge that uncertainty may arise with respect to both the timing and quantum of additional revenues and income. This indicates a material uncertainty which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern.

The Directors do however remain confident in the business model and believe the Group could be managed in a way to allow it to meet its ongoing commitments and obligations through mitigating actions including cost saving measures and securing alternative sources of funding should this be required. On that basis, the Directors consider it is appropriate to prepare the financial statements as a going concern and have not included the adjustments that would result if the Group and Company were unable to continue as a going concern.

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2023

	Note	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Revenue	4	**921**	**824**
Cost of sales		(1,271)	(664)
Gross (loss) / profit		**(350)**	**160**
Other operating income	5	365	2,041
Administrative expenses		(4,066)	(4,100)
Loss from operations		**(4,051)**	**(1,899)**
Finance income	8	-	6
Finance expense	8	(5)	(1,412)
Loss before taxation		**(4,056)**	**(3,305)**
Taxation	9	350	83
Loss for the year and total comprehensive loss for the year attributable to the owners of the company		**(3,706)**	**(3,222)**
Basic and diluted loss per share (pence)	10	(2.7p)	(3.3p)

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 2023

	Note	As at 31 March 2023 £'000	As at 31 March 2022 £'000
ASSETS			
Non-current assets			
Property, plant and equipment		144	54
Right-of-use assets		192	19
		336	**73**
Current assets			
Inventory		518	107
Trade and other receivables	11	1,285	1,192
Corporation tax receivable		478	128
Cash and cash equivalents		2,478	6,697
		4,759	**8,124**
Total assets		**5,095**	**8,197**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	14	139	139
Share premium account	15	10,421	10,414
Merger reserve		3,401	3,401
Share option reserve		450	351
Accumulated losses		(10,862)	(7,156)
Total equity		**3,549**	**7,149**
LIABILITIES			
Non-current liabilities			
Borrowings	13	-	-
Lease liability, non-current		154	-
		154	**-**
Current liabilities			
Trade and other payables	12	1,203	886
Contract liability		153	150
Lease liability, current		36	12
		1,392	**1,048**
Total liabilities		**1,546**	**1,048**
Total Equity and Liabilities		**5,095**	**8,197**

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2023

	Issued capital £'000	Share premium account £'000	Merger reserve £'000	Share option reserve £'000	Accumulated losses £'000	Total £'000
Balance as at 1 April 2021	-	-	3,483	80	(3,934)	(371)
Total comprehensive loss for the year	-	-	-	-	(3,222)	(3,222)
Transactions with shareholders:						
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
Total comprehensive loss for the year	-	-	-	-	(3,706)	(3,706)
Transactions with shareholders:						
Issue of shares	-	7	-	-	-	7
Share option charge	-	-	-	99	-	99
As at 31 March 2023	**139**	**10,421**	**3,401**	**450**	**(10,862)**	**3,549**

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 2023

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Cash flows from operating activities		
Loss after tax for the year	(3,706)	(3,222)
Adjustments for:		
Taxation	(350)	(83)
Depreciation of property, plant & equipment	38	9
Depreciation of right-of-use asset	36	32
Share option charge	99	271
Finance expense	5	1,412
Finance income	-	(6)
Equity settled transactions or services	-	30
Tax credits received	-	111
Changes in working capital:		
Increase in inventories	(411)	(107)
Increase in trade and other receivables	(93)	(395)
Increase in trade and other payables	323	114
Net cash used in operating activities	**(4,059)**	**(1,834)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(128)	(53)
Finance income received	-	6
Net cash used in investing activities	**(128)**	**(47)**
Cash flows from financing activities		
Proceeds from borrowings	-	-
Payment of lease liabilities	(34)	(37)
Finance expense	(5)	-
Share issue (net of issue costs)	7	8,335
Net cash (used in) / generated from financing activities	**(32)**	**8,298**
Net (decrease) / increase in cash and cash equivalents	(4,219)	6,417
Cash and cash equivalents at the beginning of the year	6,697	280
Cash and cash equivalents at the end of the year	**2,478**	**6,697**

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 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 2023 and the year ended 31 March 2022 does not constitute the Group's statutory accounts for those periods. The statutory accounts for the period ended 31 March 2023 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 2023 was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The auditors' report highlighted the material uncertainty described in note 2 below regarding going concern.

2. Going Concern

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

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. As of 31 August 2023, the Group had cash reserves of £1.2m, in addition to outstanding debtors of £0.2m, inventories of £0.6m, corporation tax receivables due of £0.4m and current liabilities of £0.2m.

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 2023 and a number of severe but plausible downside scenarios, which collectively would be considered remote. Absent of any additional revenues, the Group has funds required to maintain current operations, through to May 2024. The Group expects to secure new revenues and incomes within the next 12 months which are more than sufficient to support approving the financial statements as a going concern. The

Directors acknowledge that the uncertainty may arise with respect to both the timing and quantum of additional revenues and income. This indicates a material uncertainty which may cast significant doubt upon the Group's and the Company's ability to continue as going concern.

The Directors do however remain confident in the business model and believe the Group could be managed in a way to allow it to meet its ongoing commitments and obligations through mitigating actions including cost saving measures and securing alternative sources of funding should this be required. On that basis, the Directors consider it is appropriate to prepare the financial statements as a going concern and have not included the adjustments that would result if the Group and Company were unable to continue as a going concern.

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 2023 £'000	Year to 31 March 2022 £'000
North America	915	798
EMEA	6	26
	921	824

In the year ended 31 March 2023, one customer generated more than 10% of total revenue (31 March 2022: one). Revenue attributable to the customer was £915,000 (31 March 2022: £798,000).

Revenue by category:

	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Engineering Services	921	824
	921	824

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 2023 £'000	Year to 31 March 2022 £'000
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	153	150

5. Other Operating Income

Other operating income by category:

	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Grant income	365	2,041
	365	2,041

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 2023 £’000	Year to 31 March 2022 £’000
Loss from operations	(4,051)	(1,899)
Add back:		
Depreciation of property, plant and equipment	38	9
Deprecation of lease asset	36	32
EBITDA	**(3,977)**	**(1,858)**
Add back:		
Operating costs of exceptional nature	-	984
Adjusted EBITDA	**(3,977)**	**(874)**

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 in the prior year 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 2023 £'000	Year to 31 March 2022 £'000
Loss from operations	(4,051)	(1,899)
Add back:		
Operating costs of exceptional nature	-	984
Adjusted loss from operations	**(4,051)**	**(915)**

Adjusted loss after tax is calculated as follows:

	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Loss after tax	(3,706)	(3,222)
Add back:		
Operating costs of exceptional nature	-	984
Movement in fair value of convertible loan note (note 8)	-	1,410
Adjusted loss after tax	**(3,706)**	**(828)**

Free cash flow conversion is calculated as follows:

	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Adjusted loss from operations	(4,051)	(915)
Adjusted for:		
Depreciation of property, plant and equipment	38	9
Deprecation of lease asset	36	32
Share option charges	99	40
Net working capital change	(182)	(390)
Purchase of PPE	(128)	(53)
Underlying cash flow from operations	**(4,188)**	**(1,277)**
Underlying operating cash flow conversion	103%	140%
Net interest paid	(5)	6
Income tax received	-	111
Payment of lease liabilities	(34)	(37)
Free cash flow	**(4,227)**	**(1,197)**
Adjusted EBITDA	(3,977)	(874)
Free Cash Flow Conversion	**106%**	**137%**

8. Finance income and expense

	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Interest receivable	-	6
Interest payable:		
Movement in fair value of convertible loan note	-	(1,410)
Interest on lease liability	(5)	(2)
	(5)	**(1,412)**
	(5)	**(1,406)**

9. Taxation

Income taxes recognised in profit or loss	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
<u>Current tax</u>		
UK tax credit for the year	350	83
Deferred tax	-	-
Total income tax credit recognised	**350**	**83**
Loss on ordinary activities before tax	(4,056)	(3,305)
Loss on ordinary activities multiplied by normal rate of tax (19%)	771	628
Effects of:		
Non-deductible expenses	(18)	(413)
R&D tax credit	350	83
Share based payments	(19)	51
Deferred tax asset not recognised	(734)	(266)
Tax credit for the year	**350**	**83**

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 £6.9m (31 March 2022: £3.4m).

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 2023	Year to 31 March 2022
Basic loss per share		
Loss attributable to equity shareholders of the parent (£'000)	(3,706)	(3,222)
Weighted average number of shares in issue	139,182,846	97,417,339
Basic loss per share (pence)	**(2.7p)**	**(3.3p)**

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 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 2022 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 loss 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.

	Year to 31 March 2023	Year to 31 March 2022
Adjusted loss per share		
Adjusted loss after tax (note 7) (£'000)	(3,706)	(828)
Weighted average number of shares in issue	139,182,846	97,417,339
Basic loss per share (pence)	**(2.7p)**	**(0.8p)**

11. Trade and other receivables

	As at 31 March 2023 £'000	As at 31 March 2022 £'000
Current		
Trade receivables – gross	507	637
Provision for impairment of trade receivables	-	-
	507	637
Other Debtors	53	32
VAT Debtor	203	205
Accrued income	288	-
Prepayments	234	318
	1,285	**1,192**

The Group had no past due trade receivables as at 31 March 2023 (31 March 2022: £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 2023 (31 March 2022: £nil).

The impairment loss recognised in the income statement for the period in respect of expected credit losses was £nil (2022: £nil).

12. Trade and other payables

	As at 31 March 2023 £'000	As at 31 March 2022 £'000
Trade payables	773	426
Tax and social security payable	40	30
Accruals and provisions	390	430
	1,203	**886**

The fair values of the Group's trade and other payables are considered to equate to their carrying amounts. Accruals and provisions include an onerous contract provision of £109,000 (31 March 2022: £nil) in respect of expected losses on contracts entered into by the Group.

13. Borrowings

Movement in net borrowings:

	As at 31 March 2023 £'000	As at 31 March 2022 £'000
Borrowings at 1 April	-	694
Convertible loan notes issued	-	-
Movement in fair value of convertible loan note	-	1,410
Conversion of loan notes	-	(2,104)
	-	**-**

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 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
Issued	400,000	400
At 31 March 2023	**139,219,010**	**139,219**

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. On 3 May 2022, the Company issued 400,000 Ordinary Shares in Libertine Holdings PLC to settle share options.

15. Share Premium Account

	£'000
At 1 April 2021	-
Issued	11,094
Share issue costs	(680)
At 31 March 2022	**10,414**
Issued	7
Share issue costs	-
At 31 March 2023	**10,421**

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. Libertine FPE Limited has issued both EMI and unapproved share options. The options were due to vest over a period of up to ten years from grant date and were exercisable in the event of a listing.

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.

In February 2023, Libertine Holdings PLC implemented a new Long Term Incentive Plan ("LTIP") for all employees. The initial number of options issued to all employees of 7,182,314 are subject to the achievement of performance conditions in respect of the three financial years to 31 March 2025. Performance conditions are aligned to shareholder value creation and focus on key financial and operational metrics, consistent with the Group's investment case. The number of options achieved under the scheme will be determined by the Remuneration Committee at the end of each financial year, and a maximum of one third of the allocation can be achieved each year. The scheme is subject to both good leaver / bad leaver provisions and malus / clawback provisions. A one-year retention period for 50% of vesting options applies at the vesting date.

The LTIP was issued as an EMI scheme. The EMI scheme is open to all qualifying employees who are an employee within the Group working 25 hours per week, or if less, at least 75% of their working time.

Details of the option plans are as follows:

	As at 31 March 2023	**As at 31 March 2022**
Outstanding at beginning of year	6,908,120	482,812
Granted	7,182,314	536,000
Forfeited	-	(255,000)
Unachieved	(1,844,397)	-
	12,246,037	763,812
December 2021 share reorganisation	-	6,874,308
	12,246,037	7,638,120
Exercised	(400,000)	(730,000)
Outstanding at end of year	**11,846,037**	**6,908,120**

The weighted average exercise price on outstanding options at 31 March 2023 is £0.01 (31 March 2022: £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:

	LTIP Scheme	**Pre-IPO EMI Scheme**	**Pre-IPO Unapproved Scheme**
Fair values at grant dates (per share)	£0.18	£0.28 - £0.55	£0.28 - £0.46
Share price at grant dates	£0.195	£0.47 - £0.64	£0.47 - £0.64
Exercise price	£0.001	£0.02	£0.02
Expected volatility	67%	70%	70%
Option life (expected weighted average life)	3 years	1 – 10 years	0 – 2.8 years
Expected dividend	0%	0%	0%
Risk-free interest rate (based on government bonds)	1.61%	1.12%	1.12%

The total share option charge in the period was £99,000 (FY22: £271,000). £231,000 of the charge in the prior 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.