

AFC Energy PLC

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AFC Energy raises funds to support delivery of its "go-to-market" strategy

AFC Energy PLC (LON:AFC), the alkaline fuel cell power company, has raised money through a share subscription and entered into a convertible bond facility.

The company has conditionally raised £813,000 before expenses by way of a subscription for 27.1mln shares at 3p a pop; AFC's shares closed at 3.775p last night.

READ: AFC Energy surges after unveiling technology breakthrough

The subscription, which follows news earlier this week of a technological breakthrough by the company, is not being underwritten.

Convertible loan note issue

As for the convertible bond facility, this is for up to £4mln and allows the company to draw down money in return for issuing unsecured loan notes to Thalion Global Group.

The company can draw down up to a maximum amount of £500,000 in any 60 day period. The maturity date of the convertible loan notes (CLNs) is 42 months from the date of the instrument.

The CLNS are issuable at £22,500 a throw but redeemable at £25,000, so the issue price represents a discount of 10% to the par value. AFC has the option to redeem the CLNs ahead of the maturity date, at a price of £26,250 each.

The notes can be converted into shares at a price equivalent to either a 25% premium to the volume weighted average price (VWAP) of AFC shares on the trading day before the draw-down or the lowest VWAP from the three trading days prior to conversion - whichever is the lower.

Proceeds from the issuance of CLNs and the share issue will supplement the company's cash position, which as of 31 March 2019 was £1.4 million.

"AFC Energy has made serious strides forwards over the past twelve months in the commercialisation of its alkaline fuel cell technology and is currently engaging with a number of prospective and strategic partners interested in supporting this effort," said Adam Bond, the chief executive officer of AFC Energy.

"The facility entered into today allows the company to continue to develop these opportunities and capitalise on the value created over the past few years into the foreseeable future in collaboration with our prospective industrial and strategic partners without immediate dilution to existing shareholders," he added.

Full-year results

In addition to its fundraising news, AFC Energy released its results for the year to 31 October 2018.

Price: 5.05p

Market Cap: £21.5M

1 Year Share Price Graph



May 2018 November 2018 May 2019

Share Information

Code: AFC

Listing: AIM

52 week High Low
11.95p 3.00p

Sector: Cleantech and Renewable Energy

Website: www.afcenergy.com

Company Synopsis:

AFC Energy produces generating units that can be either used for large-scale electricity production, co-located in commercial or business premises or integrated into bespoke application units.

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As might be expected of a pre-revenue company, AFC made a loss; the loss was £4.96m versus a loss the year before of £5.51m.

"Progress has been made in a number of areas; new technology, product development, manufacturing readiness, commercial footprint and financing. The high-power density alkaline fuel cell technology complements our existing technology opening opportunities where space and weight influence the purchasing decision. This new technology also has the possibility to be monetised in the short term through joint development cost sharing and licensing agreements," Bond said, making reference to the announcement earlier this week by AFC.

"Our manufacturing readiness is built around our industrial partners starting with De Nora, with whom we have now selected an electrode pairing, and welcoming Advanced Plastics as our mass manufacturing partner for flow plates.

"Our commercial activity continues to grow, both through prospecting and market studies. The latter has identified several addressable markets over and above our Chlor Alkali base principally in off-grid applications traditionally dominated by diesel generators. Our product development work has seen the installation of an EV [electric vehicle] charging demonstration unit at our Dunsfold facilities which has commanded much attention and demonstrated the role fuel cells can play in building a truly emissions-free environment," he added.

Shares in AFC eased 0.46p to 3.31p following news of the discounted share offering.

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