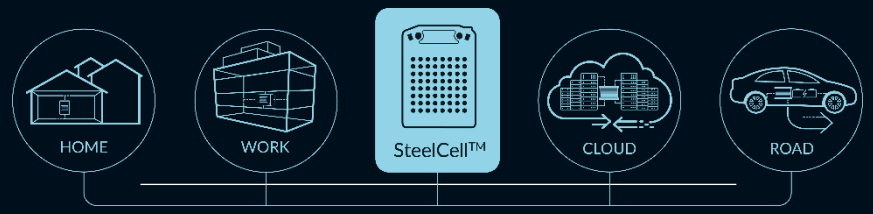
Our next generation

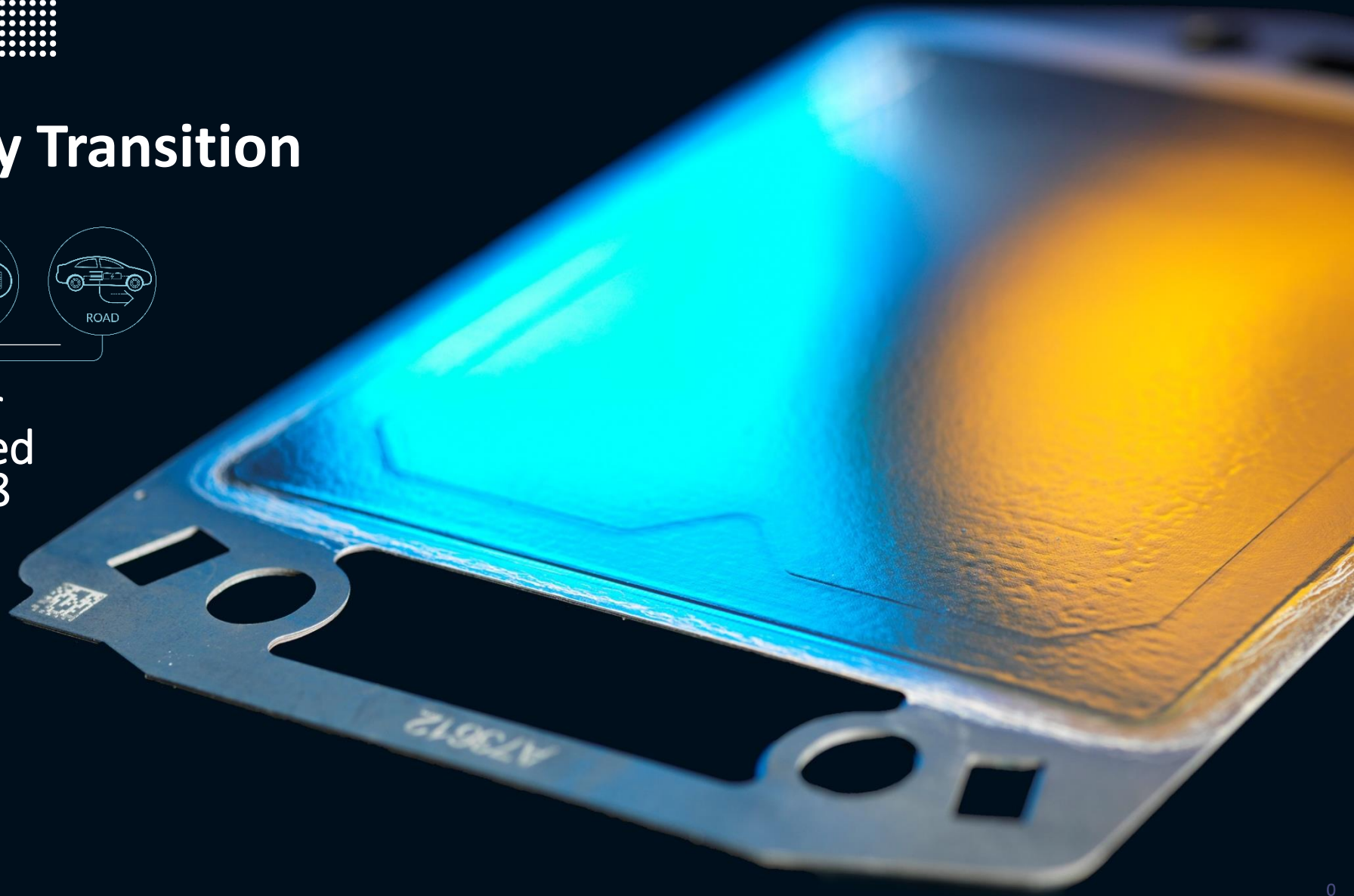
SteelCell™

CeresPower®

Power for the Energy Transition



Interim Results for the six months ended 31 December 2018



Phil Caldwell CEO
Richard Preston CFO

Interim results
6 months to 31 December 2018

INTERIM HIGHLIGHTS

Commercial

- Strategic partnerships signed with Bosch and Weichai including equity Investment and License deals
- Revenue growth 168 % driven by high margin licenses

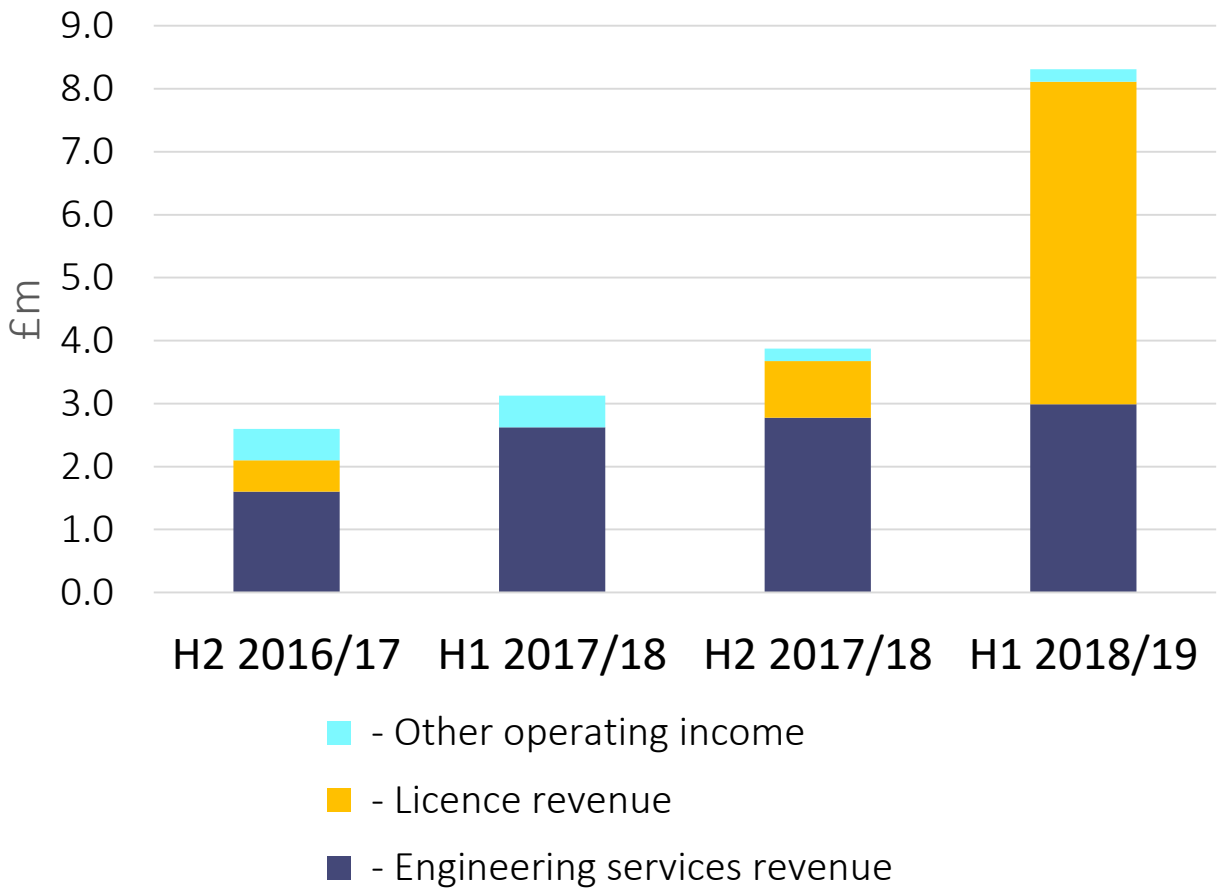
Financial

- Operating loss halved from £6.2 m to 3.0m
- Underlying equity free cash outflow reduced by 29%
- £78.4m in cash at 31 December 2018
- Fully funded to execute business plan

Technology and Operations

- £7.5 m UK reference manufacturing facility on track
- V5 Cell technology released enabling key milestone of 60 % net efficiency, ~2 x conventional combustion engines and competing with grid power

Licence revenue drives revenue growth



OUTLOOK

- Strong revenue growth with strategic partners
  - Revenue to double for fourth consecutive year to £15 m 2019 @ > 50% gross margin
  - Order book >£30m Engineering services and license revenue
  - Healthy pipeline with new partners at evaluation stage
  - Target an additional strategic partner in 2019

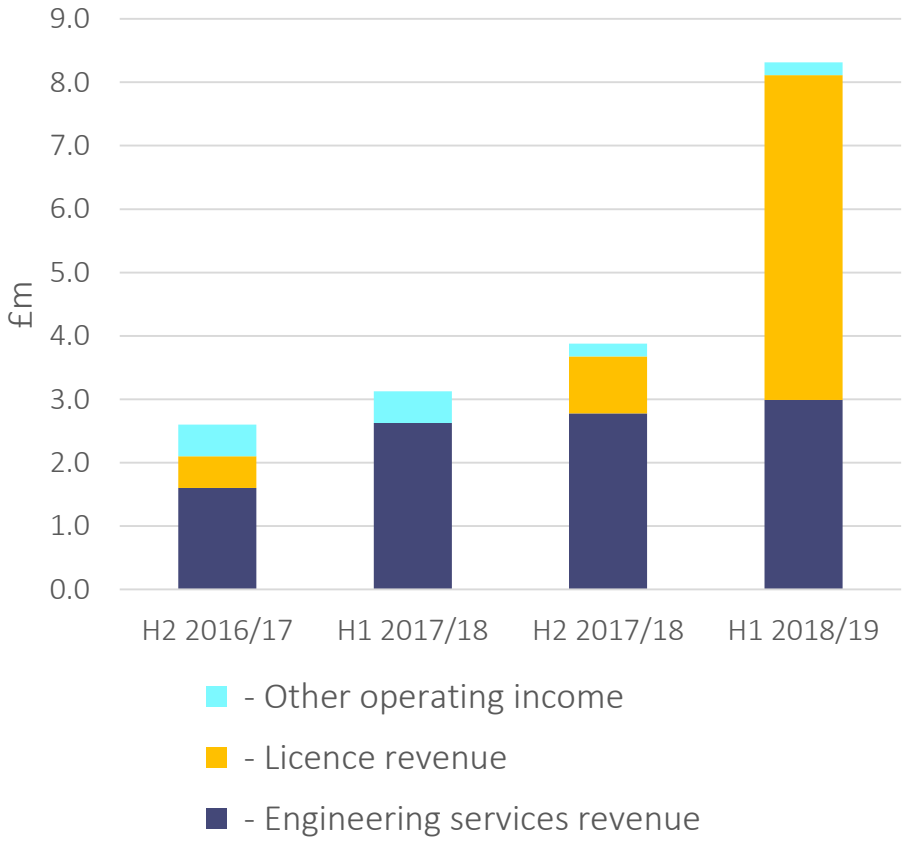
- Field trials with OEM partners 2019
  - Development of world first SOFC hybrid electric bus in mid 2019
    - Leading to small fleet trial and China JV in 2020
  - Other significant partner milestones due in 2019 on different applications from 5 to 30 kW

- Investment in UK manufacturing site – 2 MW reference plant and short-term capacity
  - Operational in the UK and with Bosch in Germany in 2020

- Potential to grow manufacturing with partners e.g. Weichai and Bosch in the future

Financial highlights – income and margin

Licence revenue drives revenue growth



£m	HY 2018	HY 2017	Change £m	Change %
Revenue and other operating income	8.3	3.1	5.2	168%
- Licence revenue	5.1	0.0	5.1	
- Engineering services revenue	3.0	2.6	0.4	14%
- Other operating income	0.2	0.5	(0.3)	(60%)
Margin on revenue %	82%	46%		
Order book at period end	30.5	4.1	26.4	644%

- Order book increase due to Bosch and Weichai

Financial highlights – income statement

£m	HY 2018	HY 2017	Change £m	Change %
Gross margin	**6.7**	**1.2**	**+5.5**	458%
Operating costs	9.8	7.9	(1.9)	(24%)
Underlying operating costs [1]	*9.1*	*7.9*	*(1.2)*	*(15%)*
Operating loss	**(3.0)**	**(6.2)**	**(3.2)**	**52%**
Income tax credit	0.9	1.0	(0.1)	(10%)
Loss for the financial period	**(1.9)**	**(5.2)**	**(3.3)**	63%

- Operating loss improved 52%
- Underlying operating costs 15% increase due to investment in people, capability and infrastructure to enable deliver of customer contracts.

[1] Underlying operating costs is operating costs less one off legal fees to complete the two strategic deals with Weichai and Bosch (2018: £0.5m, 2017: nil) and unrealised losses on FX contracts (2018: £0.2m, 2017: £0.1m)

Financial highlights – cash flow

£m	HY 2018	HY 2017	Change £m	Change %
Operating cash flows	(2.0)	(5.1)	3.1	(61%)
Changes in working capital	(1.2)	(0.2)	(1.0)	500%
Cash used in operations	**(3.2)**	**(5.3)**	**2.1**	**(40%)**
Capital expenditure	(1.4)	(0.7)	(0.7)	100%
Tax received in the period	-	1.9	(1.9)	(100%)
Underlying equity free cash flow[2]	**(2.9)**	**(4.1)**	**1.2**	**(29%)**
Net cash & financial assets	**78.4**	**13.2**	**65.2**	**494%**

- £76m cash in from Placing and strategic investments
- New manufacturing site investment cash outflows of £1.5m
- Underlying cashflow improved 29%

[2] Change in net cash and cash equivalents and short-term investments, excluding cash flows from financing activities and investment cost for property, fit out costs and the equipment for the new manufacturing site

FINANCIAL SUMMARY

New revenue streams and investment in the business and the new facility

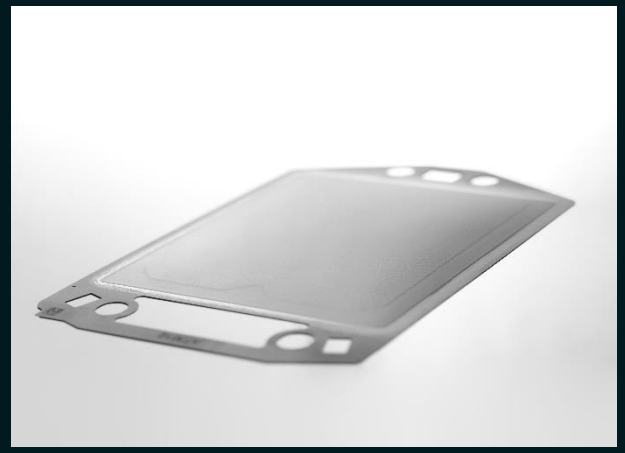
- New licence revenue drives increase in revenue and gross margin
- Underlying opex increased 15% to build the business for new customers
- Operating losses halved
- Capex increased as invest in new facility
- Underlying equity free cash outflow reduced by 29%

£78m in cash at 31 December 2018. Fully funded to execute business plan

Business update

Who we are and what we do

- Unique Fuel Cell Technology - Imperial College
- High growth UK tech company ~200 employees
- High margin asset light license model
- ~£220 m Mkt cap AIM
- Fully funded £78 m cash and £30 m order book
- 50 patent families



World leading developer of SteelCell® low cost, non combustion power generation technology

- Lowers CO2 emissions
- Improves Air Quality
- Provides energy security
- Enables EV's and balances renewables

Global power system and engine customers

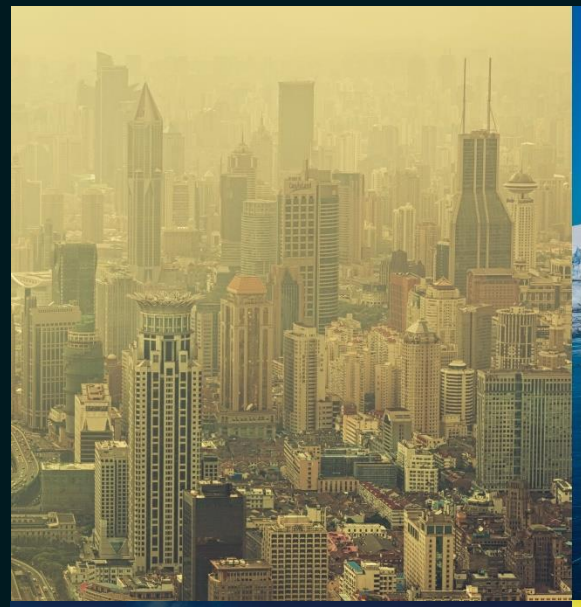
- JV 2020 Electric Bus and stationary power market
- Manufacturing scale up/ Data centre and commercial
- Power systems for Data Centre
- Commercial Scale CHP
- Electric Vehicle Range Extender
- Stationary power applications

CONFIDENTIAL COMMERCIAL SCALE PARTNER

Global drive for electrification and clean distributed energy

Air Quality

- Rise of Mega Cities
- Pollution from combustion engine vehicles



Climate Change

- Challenge to decarbonise energy system
- Power, heat and transport

Balancing renewables

- Renewable energy cheapest form of power generation
- Balancing intermittency key challenge
- Disrupting centralised generation model

Electric vehicles

- Increasing adoption of EVs in both consumer and commercial markets
- Fuel cells and batteries are key technologies
- Pressure on charging infrastructure

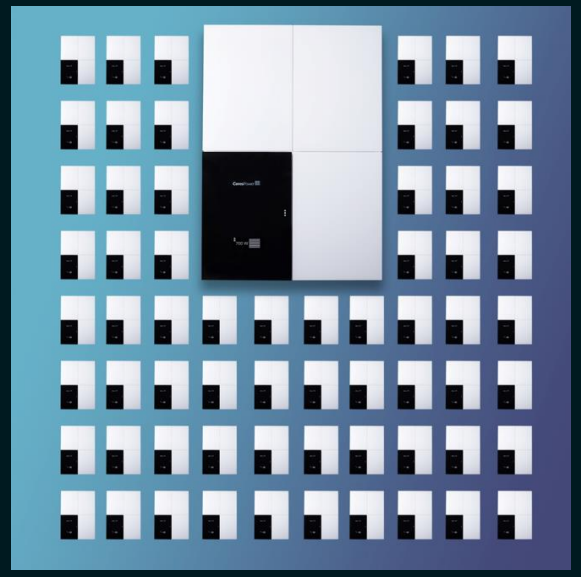
Why is SteelCell® the solution?

- Affordable Solid Oxide Fuel Cell for mass adoption
- Made from conventional steel with small amounts of ceramic
- Uses conventional high volume manufacturing equipment from Solar PV industry
- Fuel flexible: operates on Natural Gas/Liquid fuels/Bio fuels/Hydrogen
- Robust for use in both stationary power and transportation applications

	PEM cell	SOFC cell	SteelCell®
Robustness	●		●
Efficiency		●	●
Fuel flexibility		●	●
Cost			●
Markets	**Transport**	**Stationary**	**Both**
Leading players	**Ballard Toyota etc**	**Bloom Energy**	**Ceres + OEM partners**

Ceres enables transition from combustion to electrification

De-centralised Power

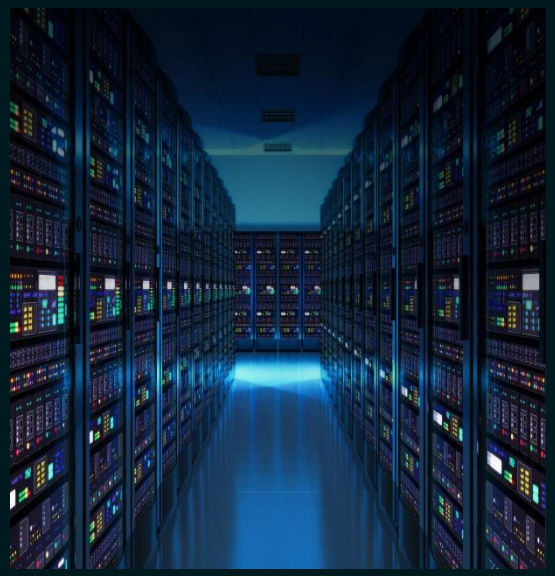


- Balance renewables
- Higher efficiency than centralised grid 30 % less energy and carbon
- Distributed power generation at home or Business

Electric vehicles

- Addresses air quality
- Low to zero emission SOx / NOx
- Range extender for EVs in commercial vehicle markets
- Grid reinforcement for vehicle charging

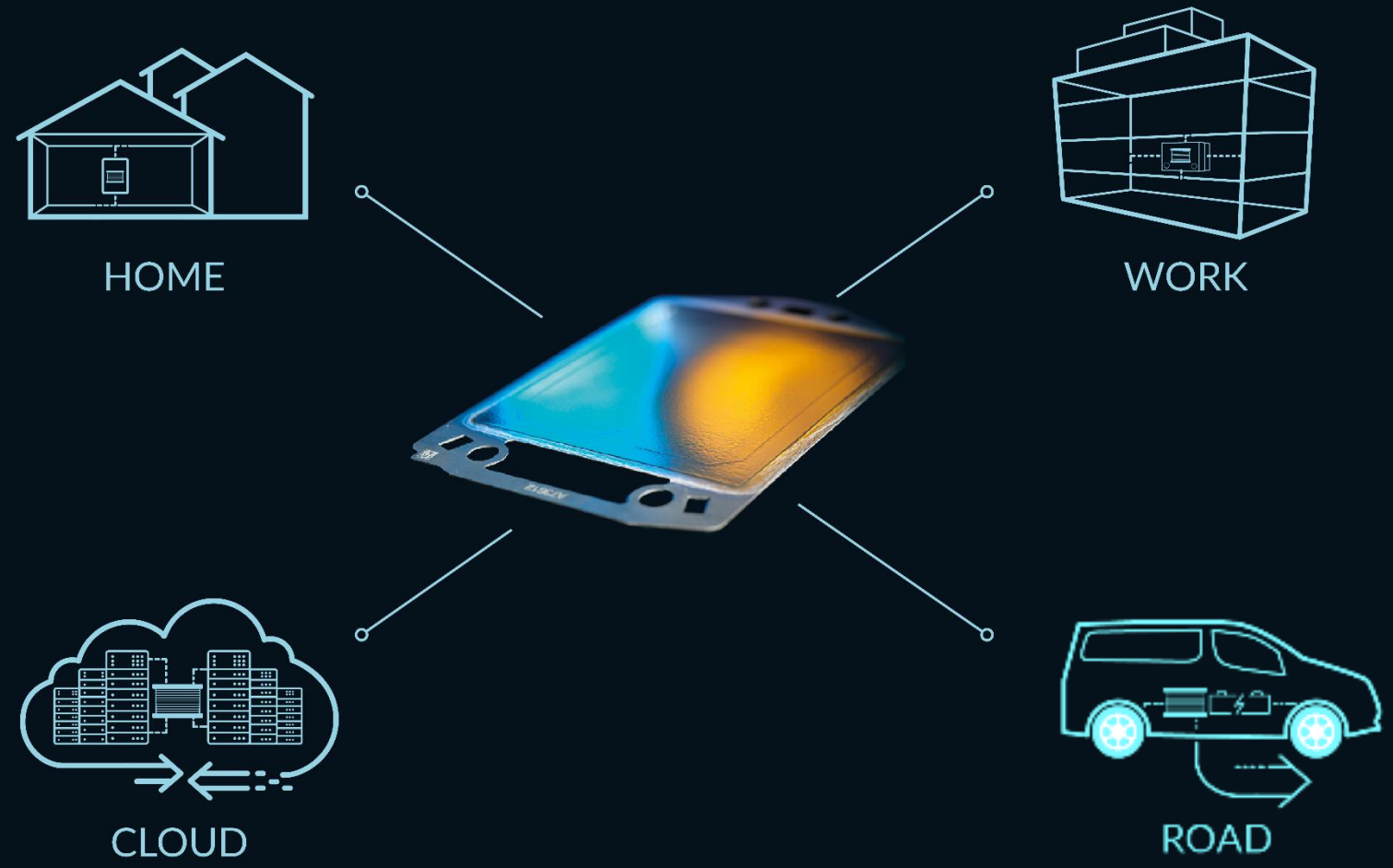
Clean power for data



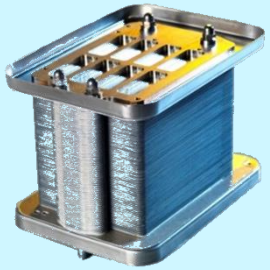
- Data centres use > 2 % global power
- Fuel cells offer cleaner distributed power
- Saving energy and CapEx
- Reliable on site generation

Rapidly growing Fuel Cell market predicted to reach $25Bn by 2025

Applications for the SteelCell®

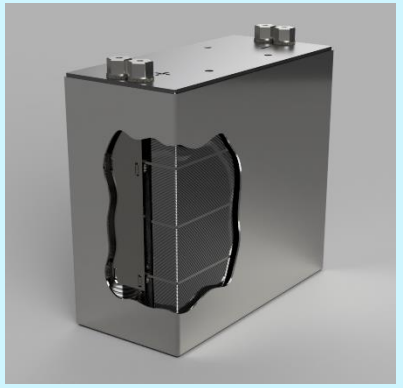


1kW Stack



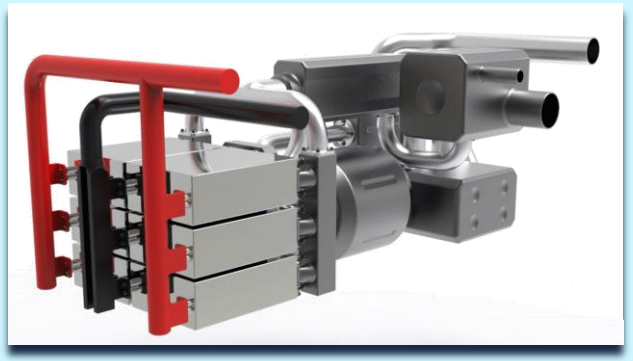
1kW home system

5 kW Stack

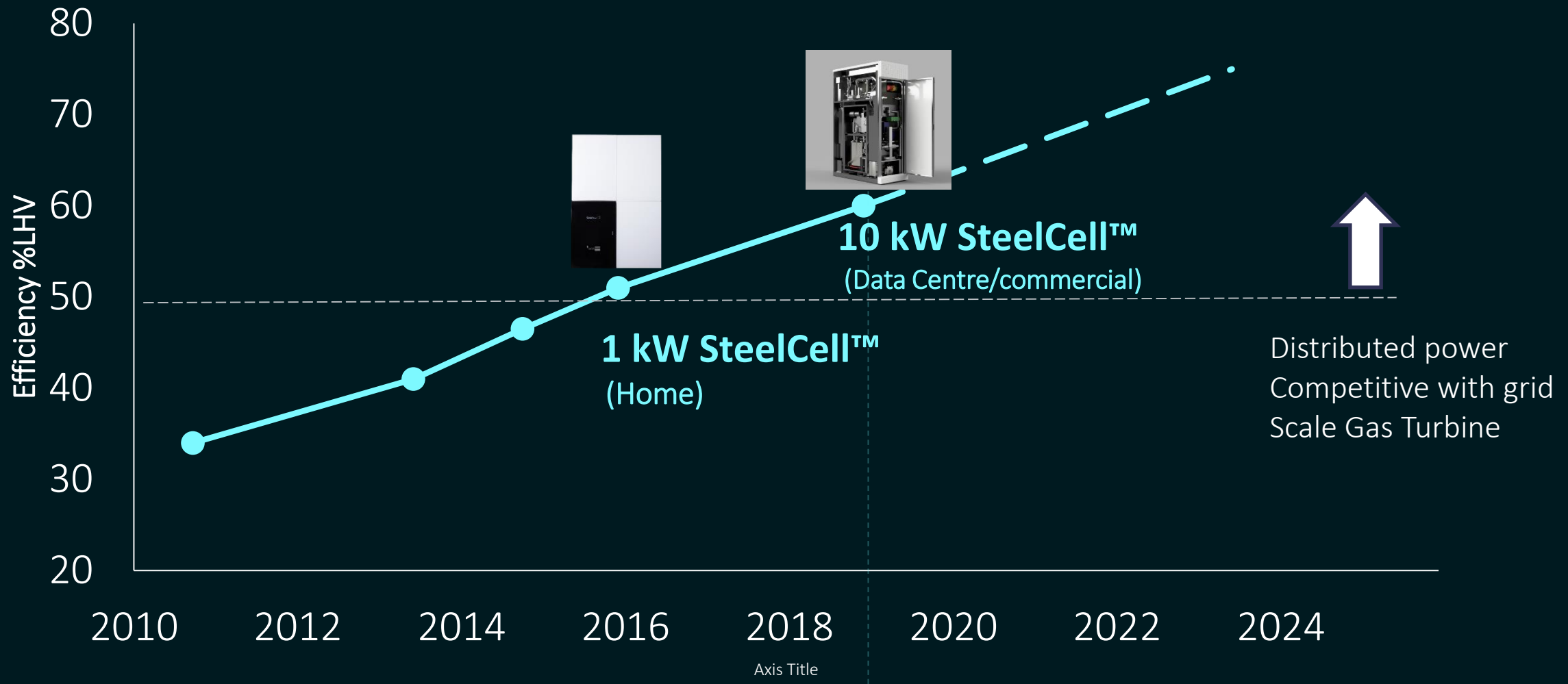


5 & 10kW Commercial/ Data Centres

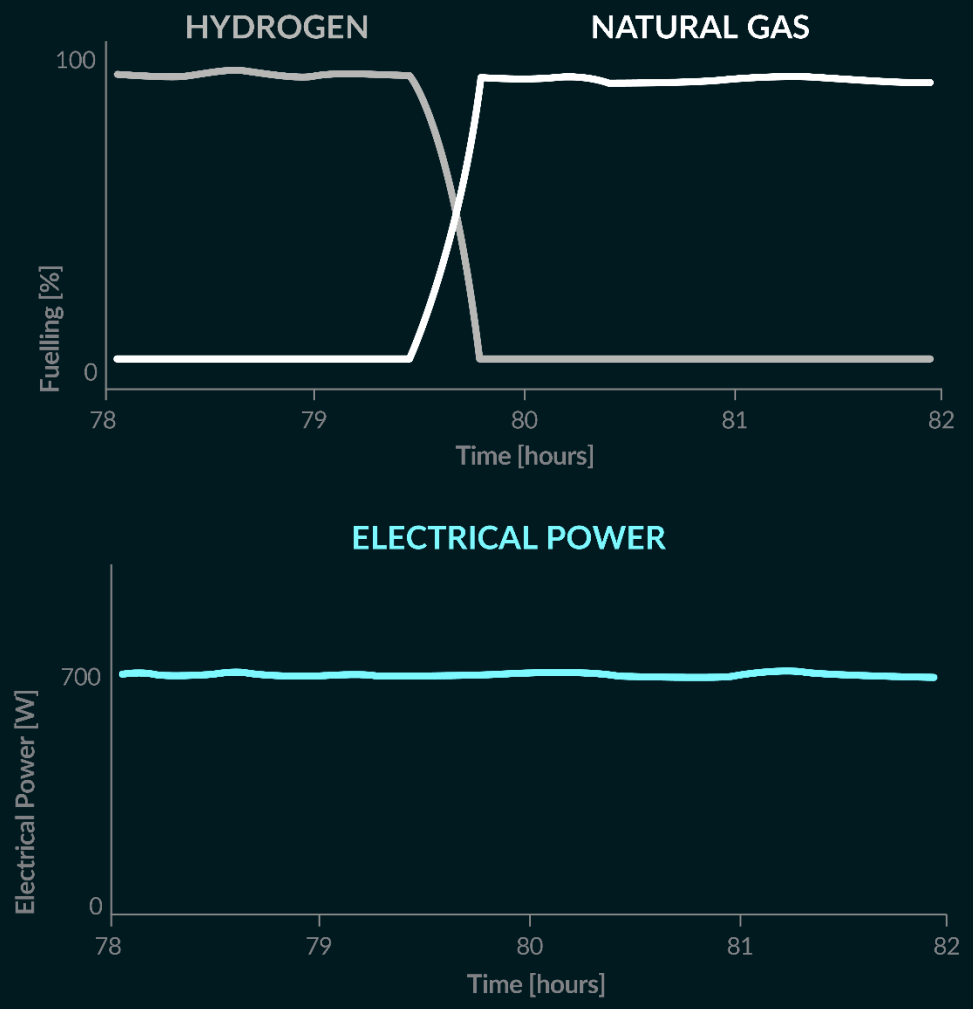
30kW + for Hybrid EV Buses 100kWs + Power generation



High efficiency distributed power competitive with grid….



…and ready for a Hydrogen Future tomorrow



Real experimental data with OEM partner

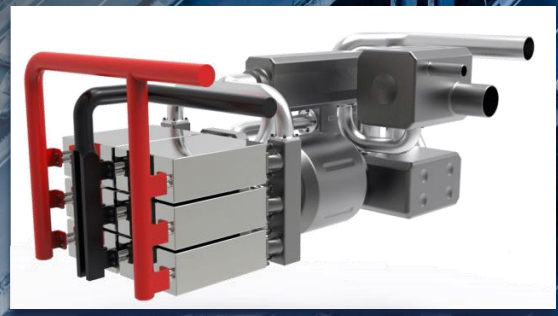
COMMERCIAL PROGRESS

Fuel cell for Data Centres with US DoE

- Fuel Cells provide Primary Power
- “Off power grid” using natural gas
- Diesel Eliminated, lowering emissions
- Saves 20% of Cap Ex cost of data centre

Cummins Power Generation

U.S. DEPARTMENT OF ENERGY



Range Extension & Potential Charging for EVs

- On-Board charging using CNG/Biofuel for long range Hybrid EV buses and commercial vehicles
- Charging points for EVs
- China fastest growing market

WEICHAI NISSAN

HOME

Home System Field Trial

Generates ~80% of home power

+ sufficient power to charge Electric Vehicle

~30% Lower Energy Costs

~30% Lower Carbon

WORK

Commercial Scale Development

- 5 to 10s kW power modules for offices, convenience stores etc.
- ~30% Lower Energy Costs
- ~30% Lower Carbon
- Zero SOx and Zero NOx

Bosch

Strategic collaboration

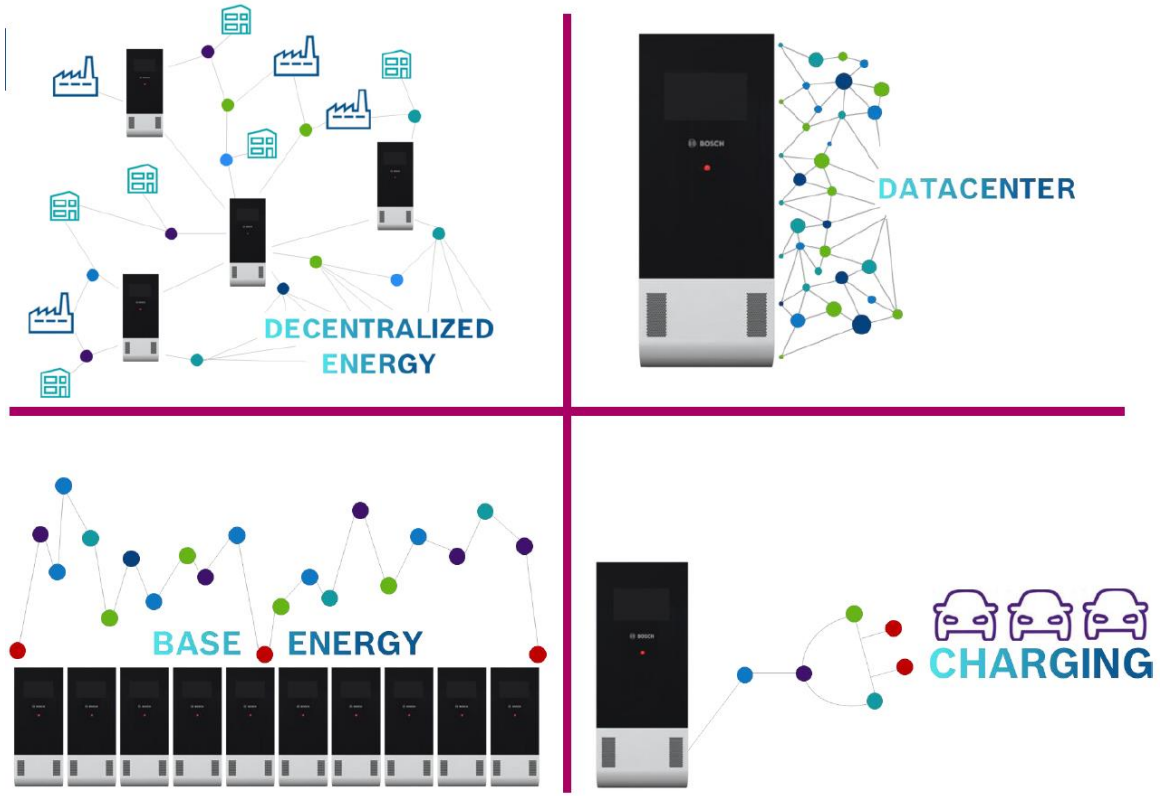
- Expertise in manufacturing and product development
- Bosch Invested £9m in Ceres for 4 % stake
  + £20m license and JDA revenues to 2020

Multiple market applications

- Small power stations for cities, factories, datacentres and EV charge points

Manufacturing capability

- Industrialise 5 kW stack for scale up and manufacture
- World leader in ceramics manufacture
- Support manufacturing scale up in UK
- Parallel low volume manufacture at Bosch in Germany



BOSCH

Weichai Power

Strategic collaboration

- Invested £48m in Ceres for 20% of ISC
- Licence Agreement and JDA for up to £39m
- Establish manufacturing 49:51 JV in China 2020

Market opportunity

Access to China - the fastest growing fuel cell market

- One of the world's largest automobile and equipment manufacturing groups
- Produces 600k engines per year, c.30k buses and 150k heavy duty trucks
- Significant stationary power business

- Initially 30 kW power systems for EV scaleable to higher power applications

International track record

Track record of high growth Hong Kong and Shenzhen exchanges with a market cap of c.US$10bn

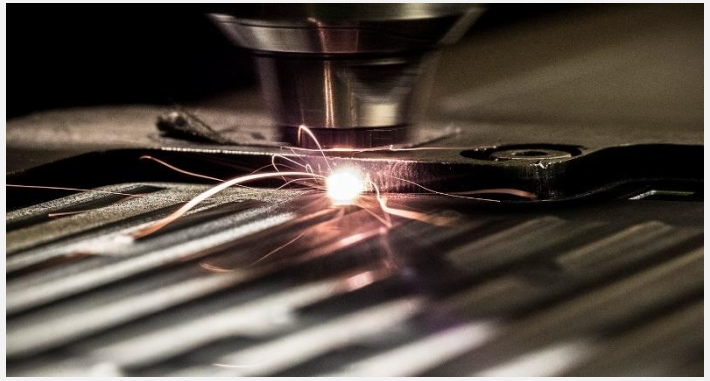
- Kion Group AG (MDAX-listed in Germany), Ferretti in Italy

CeresPower®

BUSINESS MODEL

How we work with Partners

1. Joint Product development



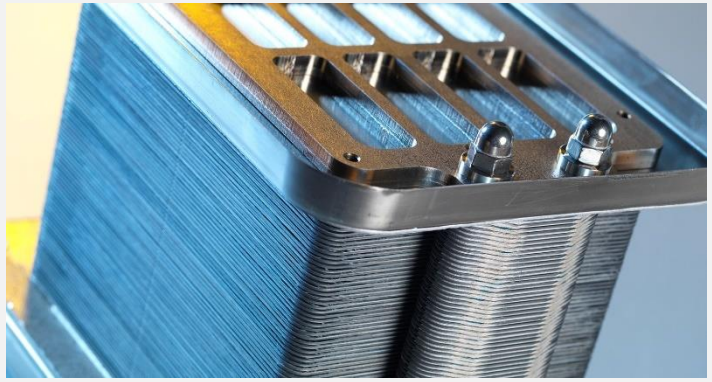
Engineering Services

(2 – 3 years)

$

6 JDA partners

2. Technology Transfer License



Up Front License Fees

(~3 years)

$$

3 Tech Transfer License partners

3. Multiple applications across range of markets

Future Royalties per kW

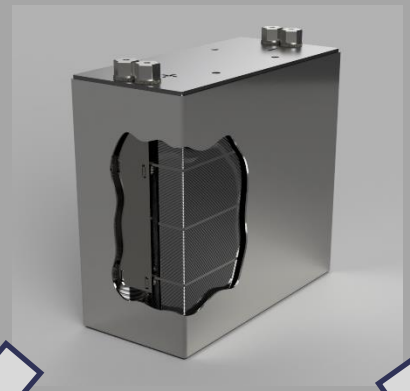
At start of production

$$ Recurring revenues

Manufacturing License

1kW Stack

5 kW Stack



System License

1kW home system

5 & 10kW Commercial/ Data Centres

30kW + for Hybrid EV Buses

100kWs + Power generation

UK Manufacturing enables global licensees

CeresPower®

R&D in Horsham UK

2018 2019 2020 2021

UK Technical Centre develops next generation V5, V6 & V7 SteelCell®

Annual capacity equivalent in units:

HOME	WORK	CLOUD	ROAD
1kW	10kW	datacentres	30kW

CP2 Reference plant

Phase 1 → 2 MW

Phase 2 → 3 to 10 MW

2,000	200	-	60*
10,000	1,000	0.25	300

Mfrg License

Potential 100 MW plants
Europe
China JV & ROW

Manufacturing License China JV

Manufacturing License

100,000	10,000	2-5	3,000

UK's first SOFC Fab: CP2 Reference plant

£7.5 m Investment creating ~60 skilled jobs in UK
Will provide near term capacity for customers
Manufacturing tech transfer to partners eg Bosch

- ✓ Fitout completion Q1 2019
- Equipment installed Q2 2019
- Site training and validation H2 2019
- Phase 1 Launch 2020 at 2MW per year

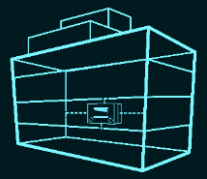
Located nr Redhill – M23/M25 Junction

Global Multi Billion $ Opportunity

- Highly scalable business - OEM partner & licensing technology
- Replaces conventional engine and power generation
- Enabler for EV roll out and supports increase in renewable energy

Possible annual gross margin

Up to 5% market share at up to $140 gross margin / kW

APPLICATION	 >70 GW **COMMERCIAL**	 >300 GW **RANGE EXTENDER/ APU**	 >100 GW **DATA CENTRE / BACK UP**	 >10 GW **RESIDENTIAL**
TOTAL	**$200m**	**$270m**	**$380m**	**$75m**

Outlook

- Strong revenue growth with strategic partners
  - Revenue to double for fourth consecutive year to £15m 2019 @ > 50% gross margin
  - Order book >£30m Engineering services and license revenue
  - Healthy pipeline with new partners at evaluation stage
  - Target additional strategic partner in 2019

- Field trials with OEM partners 2019
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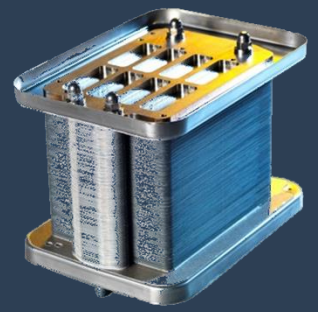
- Investment in UK manufacturing site – 2 MW reference plant and short-term capacity
  - Operational in the UK and with Bosch in Germany in 2020

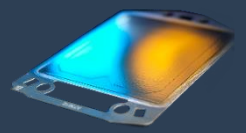
- Potential to grow manufacturing with partners e.g. Weichai and Bosch in future

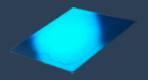
Appendix

Licensing strategy

Manufacturing License / JV



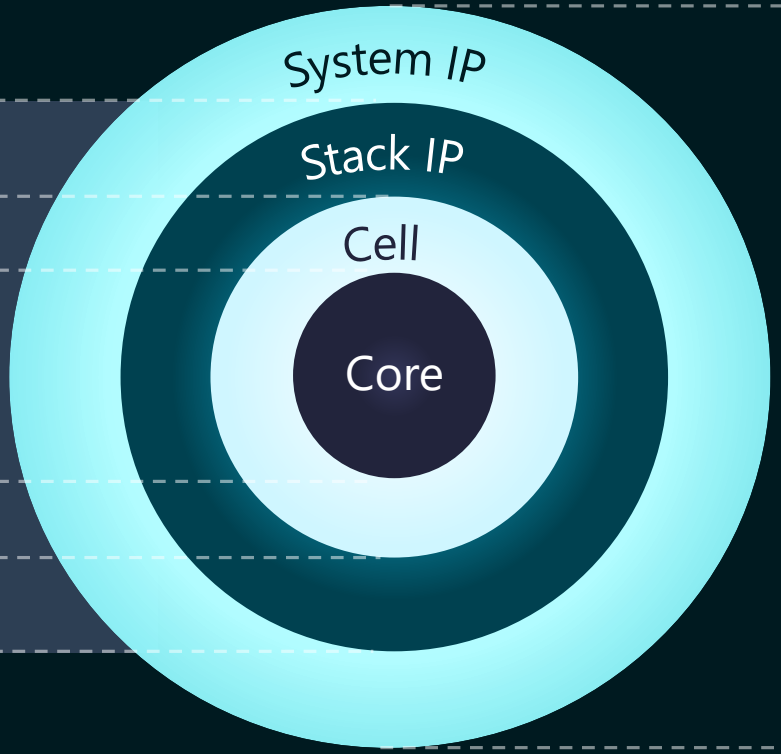




Core material

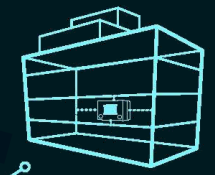
SteelCell™

SteelCell™ stack



System License by market application

HOME



WORK

CLOUD

ROAD

BOSCH

China JV

WEICHAI

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Confidential Partner