



INTERIM RESULTS

For the 12 months ended 30 June 2020

28 September 2020

CLEAN ENERGY STARTS WITH CERES



Strategic partnerships continue to deliver commercial growth

- Progress on major contracts has driven a 21% increase in revenue and other operating income to £19.9m. Asset-light licencing model continues to underpin sector-leading gross margins of 73%
- The hard work of the Ceres team, and the support of partners and suppliers, has sustained customer programmes and driven a ramp up in manufacturing output despite Covid-19
- Further investment in core technology, expansion into new areas such as pure hydrogen and higher power systems, as well as a £5m investment to 2021 for the development of solid oxide electrolysis
- Ceres' strategy of licensing to global partners, with a leading position in their products and markets, continues to be successful
- Urgency for climate action driving the global demand for clean energy technologies



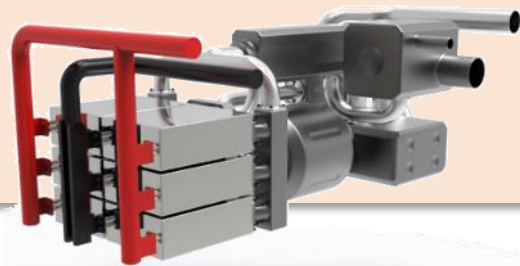
Progress with key commercial partnerships



- First partner to manufacture Ceres' core cell technology under licence
- Installed prototype products of its 10kW SOFC system at five Bosch locations



- 30kW range extender for electric buses progressing to field trials
- Establishment of the JV in Shandong province now likely to be H1 2021



- Ambition to supply efficient fuel cells to meet Korean government renewable energy plan
- Good progress on CHP development. Seeking to expand collaboration to broader applications within Korea and globally



- First units operating over one year; 90% efficient CHP for commercial buildings delivers energy savings and a lower carbon footprint
- Growing specialist team to support long-term deployment



Bosch: Hydrogen compatible fuel cell pilot installation



PHOTO: Copyright Bosch

- The 10kW 'power station', based on two 5kW SteelCell® stacks
- Electricity production at Wernau training centre delivered through three 10kW SOFC devices
- Operates on hydrogen, biogas or NG, 60% electrical efficiency, ~85% efficient in CHP mode
- Decentralised, reliable and scalable power generation. Low to zero emissions
- Bosch estimates market size of €20bn by 2030
- Increased equity investment of £38m in Ceres to 18% holding

Weichai: collaboration progressing despite Covid-19 challenges



- 30kW range extender system for electric buses in field trials
- JV to provide a staged path to high volume manufacturing for buses, commercial vehicles and other markets in China. Covid-19 delays pushing timing to H1 2021
- Weichai exercised non-dilution rights, investing a further £11m to maintain its equity stake at 20%

PHOTOS: Copyright Weichai



FINANCIAL UPDATE



Financial highlights

Revenue and other
operating income

£19.9m

+21%

Gross margin

73%

2019: 75%

Adjusted EBITDA

(£6.5m)

2019: (£5.9m)

Net cash used in
operating activities

(£5.4m)

2019: (£3.1m)

Order book¹

£13.6m*

Sep 2019: £28.4m

Pipeline²

£53.8m*

Sep 2019: £50.3m

Cash and short-term
investments

£108.0m

2019: £71.3m

New equity raised

+£49m

From strategic
partners

¹Order book is the contracted commercial revenue and grant income scheduled to be realised in future years.

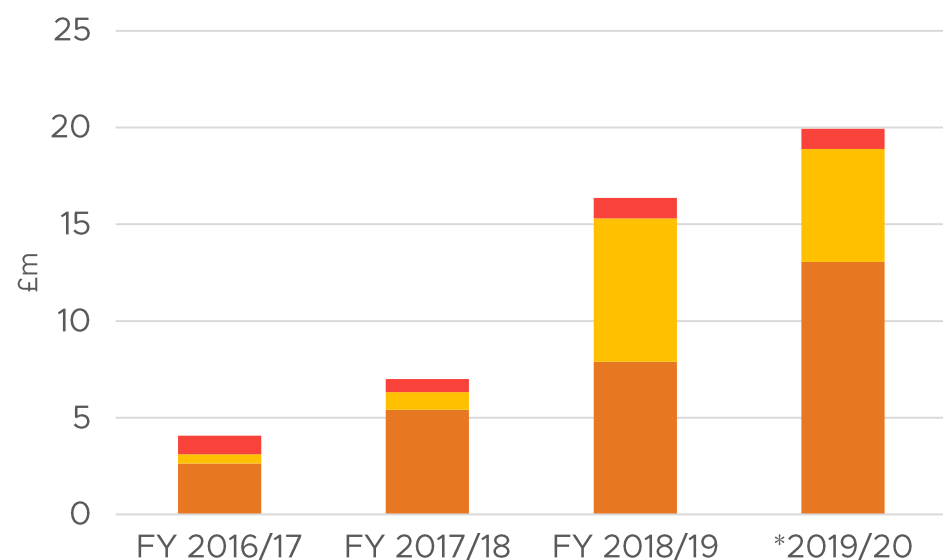
²Pipeline is contracted revenue and other income which management estimate is contingent upon options not under the control of Ceres.

* As at 30 June 2020

Revenue growth continues at high margin

Revenue growth

£m

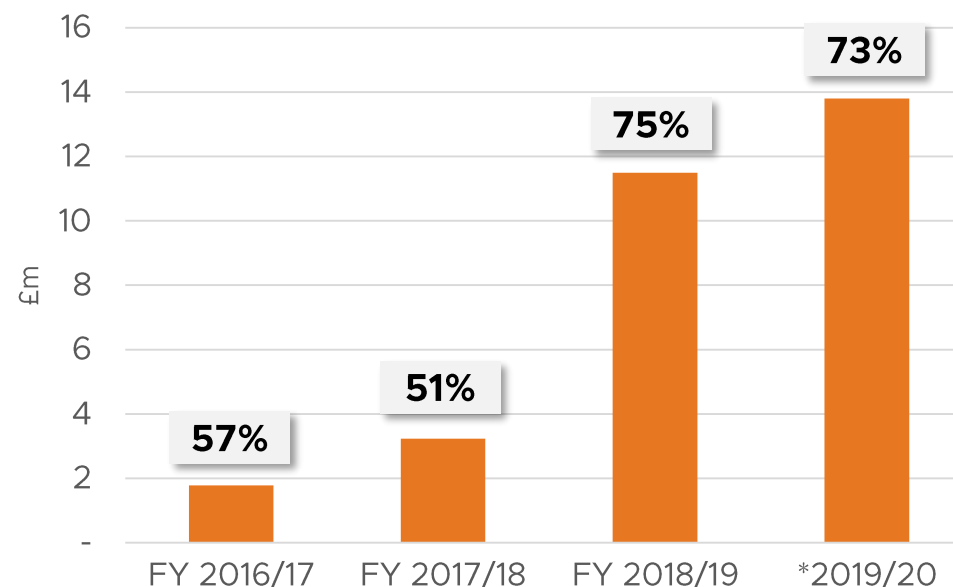


■ Engineering services ■ Licence ■ Other operating income

*2019/20: 12 months ended 30 June 2020

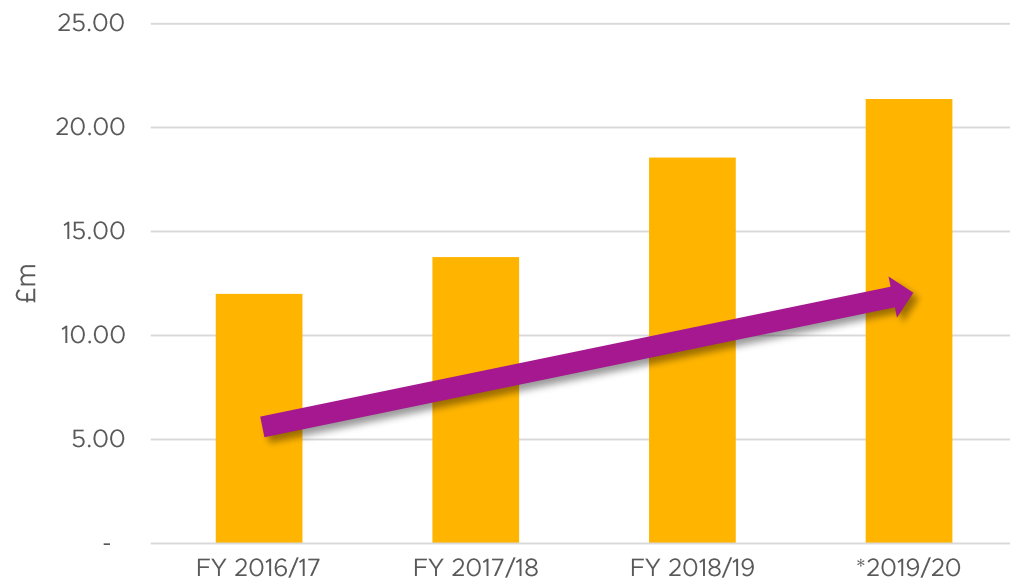
Gross margin

£m (%)



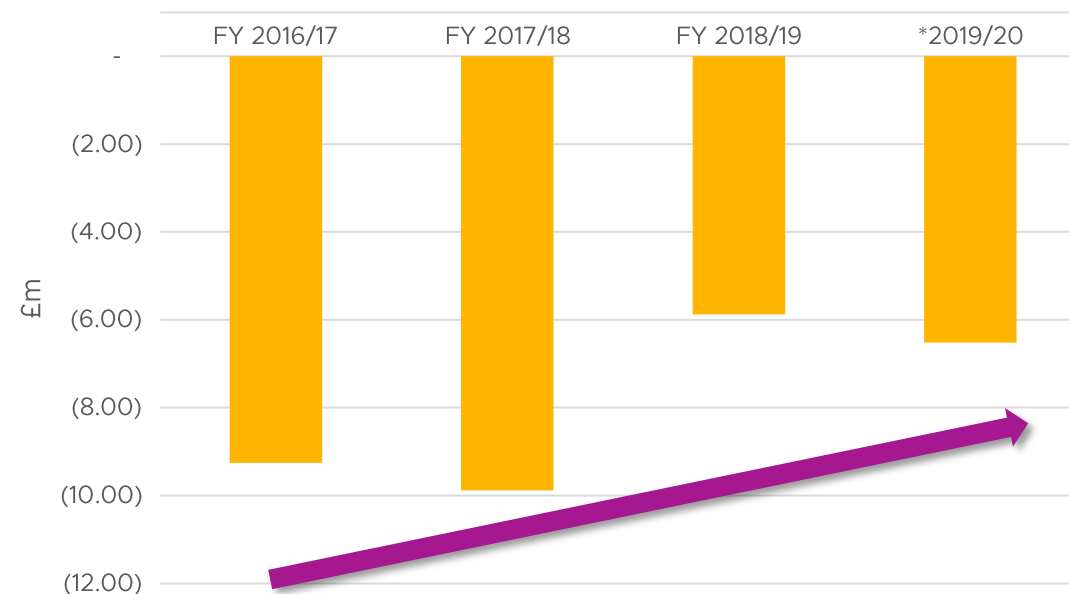
Investing for future growth

Cash Opex



■ Cash opex (Opex less depreciation & share based payments)

Adjusted EBITDA



■ Adjusted EBITDA (EBITDA adjusted for share based payments and foreign exchange gains/ losses)

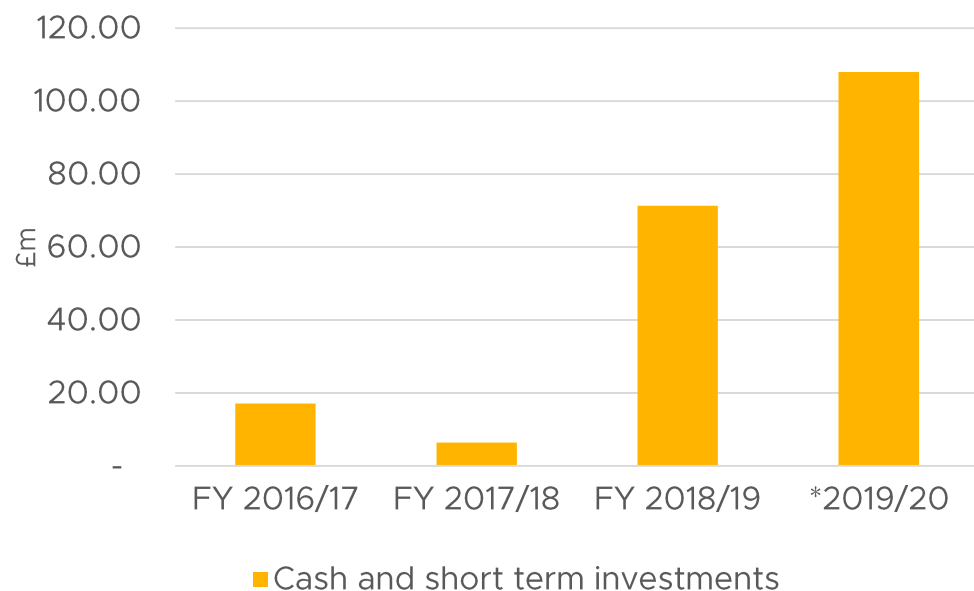
- Priority is to maximise future value
- Sizing the company and investing to capitalise on opportunities

*2019/20 12 months ended 30 June 2020

Cashflow and cash

Cash and short term investments

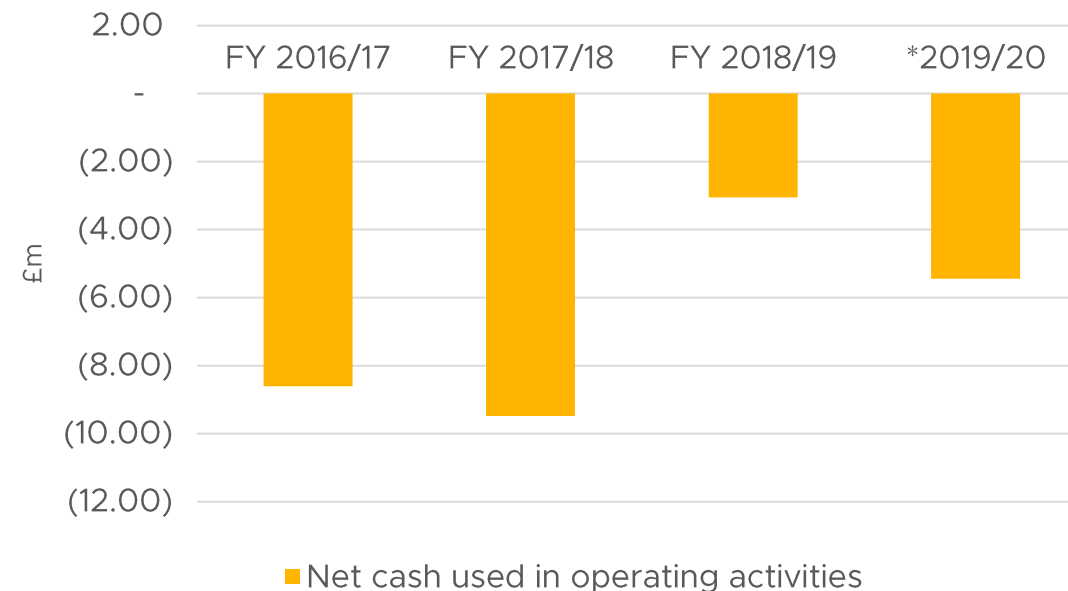
£m



*2019/20 12 months ended 30 June 2020

Net cash used in operating activities

£m



Strong cash position enables future growth

Reinvesting into the business

- £5.6m capex
- £2.5m development capitalised
 - Development capitalisation began on 1 January 2019

Cash position of £108m

- £38m received from Bosch – investment reaches 18%
- £11m received from Weichai to hold at 20%
- £2.5m tax credit received

| | 2019/20 £m | 2018/19 £m | Change £m |
|---|---------------|---------------|--------------|
| Operating cash flows | (6.5) | (5.9) | (0.6) |
| Changes in working capital | (1.4) | 0.7 | (2.1) |
| Tax received in the period | 2.5 | 2.1 | 0.4 |
| Cash used in operating activities | (5.4) | (3.1) | (2.3) |
| Capital expenditure | (5.6) | (7.7) | 2.1 |
| R&D capitalised | (2.5) | (1.3) | (1.2) |
| Finance income | 0.7 | 0.2 | 0.5 |
| Finance expenses and repayment of lease liabilities | (0.6) | 0.0 | (0.6) |
| Equity-free cash outflow | (13.4) | (11.9) | (1.5) |
| Net cash and financial assets | 108.0 | 71.3 | 36.7 |

*2019/20 12 months ended 30 June 2020



BUSINESS STRATEGY



Global stimulus for Green recovery post Covid-19



America's Democratic presidential contender, Joe Biden, wants to spend \$2trn decarbonising America's economy.



Germany has announced €9bn in stimulus for hydrogen technologies, and links fuel cells as a path to decarbonisation.



EU announced funding of €550bn to green projects to 2027 and a separate €750bn Covid recovery fund. All EU budgets must "do no harm" to its goal to become climate neutral by 2050.



Aiming to be carbon neutral by 2060. China's 14th Five Year Plan (2021-25) set to persist with long-term ambition of developing the green economy.

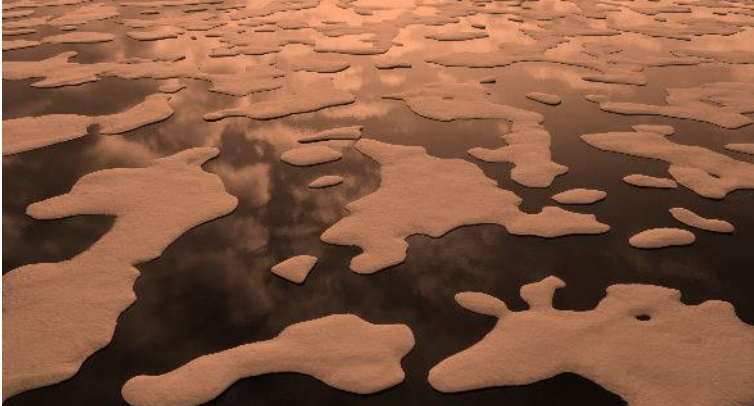


Korea's Green New Deal has committed KRW73.4 trillion (£46 billion) of green funding to drive economic recovery. Targeting 15GW of FC power generation by 2040, including 2.1GW for stationary FCs in buildings.



Japan first country to adopt a Hydrogen Strategy and leads globally in the deployment of FCs.

Covid-19 and the green recovery



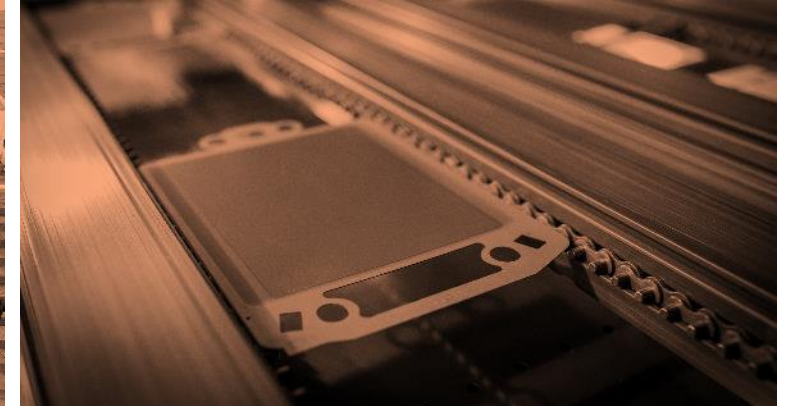
ENVIRONMENTAL

- Increased commitment to green initiatives by many governments as part of recovery.
- Ceres working with partners in most progressive countries; Japan, Germany, South Korea and China, to embed our clean energy technology.



SOCIAL

- Huge adjustments to new ways of working, overcoming challenges of not being able to travel.
- Ceres team has remained agile and responsive. Not used government furlough and continued to recruit new employees throughout 2020.



GOVERNANCE

- Scale of the disruption and economic impact of Covid-19 forcing all businesses to examine risk.
- Ceres has appointed a new Chair during the period and benefits from two commercial partners as significant equity shareholders.

Investing now in clean energy technology to address climate change

SOFC



Ceres heritage, 1kW to 5-20kW. Potential for 150-500kW. Future utility scale, where incentives exist.



SOFC & SOEC



HIGHER POWER

Ceres 30kW today, increasing to 150kW+ for trucks, rail. Potential for H2 and e-fuels in shipping or aviation.



- Committed initial £5m to 2021 to develop SOEC technology for hydrogen
- Investing today so well-positioned to capitalise on future opportunities

SOEC

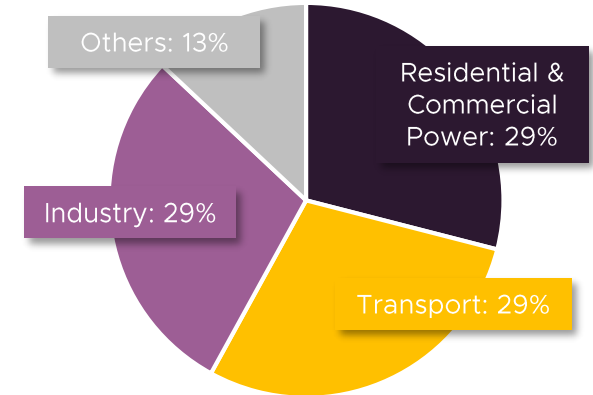


H2 & EFUELS

Ceres' potential SOEC application in future large-scale demand for hydrogen in industrial uses.

Global demand for energy

By sector

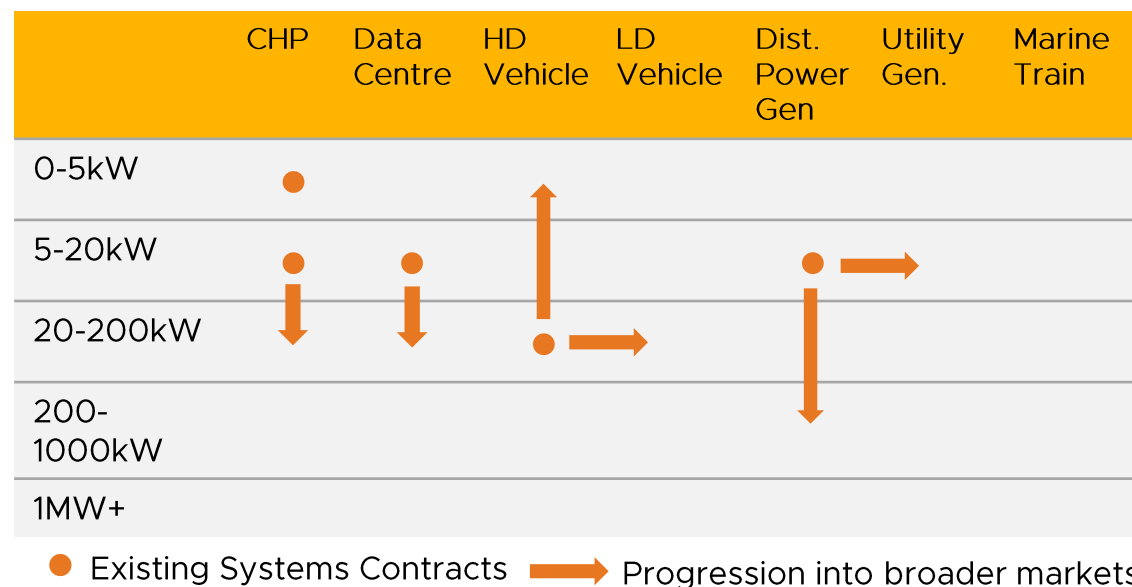


Future scaling of the business

Target additional global manufacturing partners to supply cells and stacks to system OEMs in regions of greatest demand



Moving into higher power systems and broadening applications in each region (through system licensees)



Partnership progression



1. Joint product development

Engineering services



2. Licence: system/ manufacturing

Fees for tech transfer

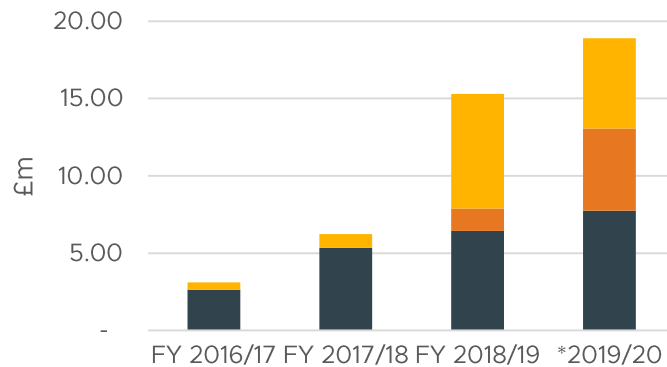


3. Royalties from products sold

Royalties per kW



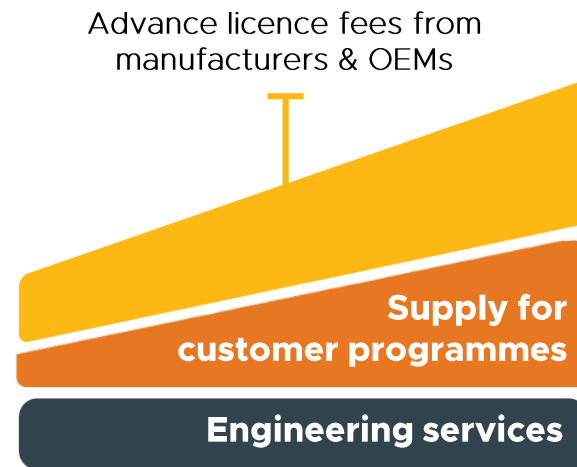
Revenue evolution



FY Revenue

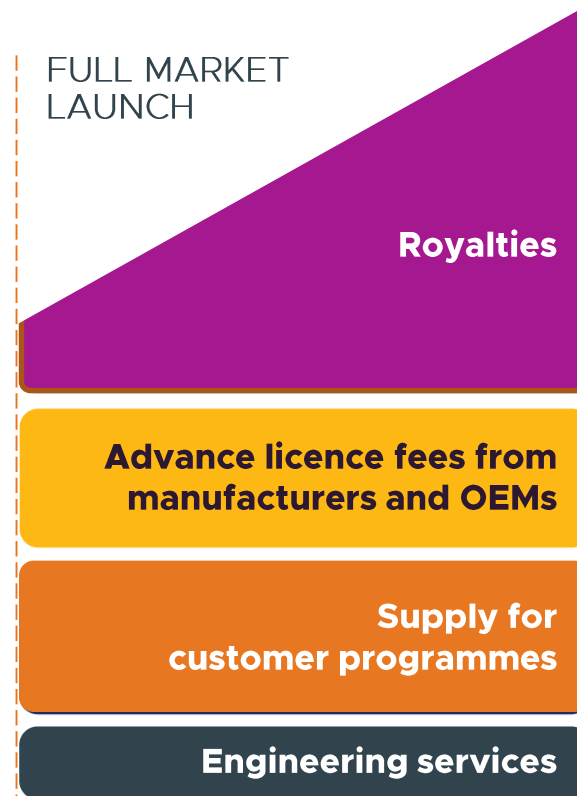
*2019/20 12 months ended 30 June 2020

PARTNERS' INVESTMENT IN
MASS PRODUCTION FACILITIES



Near-term growth ~3-4 years

FULL MARKET
LAUNCH



Future



SUMMARY AND OUTLOOK



Summary and outlook

Urgency for climate action continues to drive demand for clean and flexible sources of energy

- Bosch: due to complete initial phase of collaboration and expect next steps end 2020
- Weichai: five buses being built to trial, due to complete H1 2021
- Miura: first commercial units running over one year
- Doosan: joint development of CHP system progressing well. Looking to expand relationship
- Expect further partnership progress in 2020

Core business and investment in our strategy

- Assembled leading team of engineers and scientists working in solid oxide technology globally
- Invested in organisational structure, R&D activities and expansion of pilot manufacturing at Redhill
- Continually maturing technology for further and future applications with a clear path to mass commercialisation

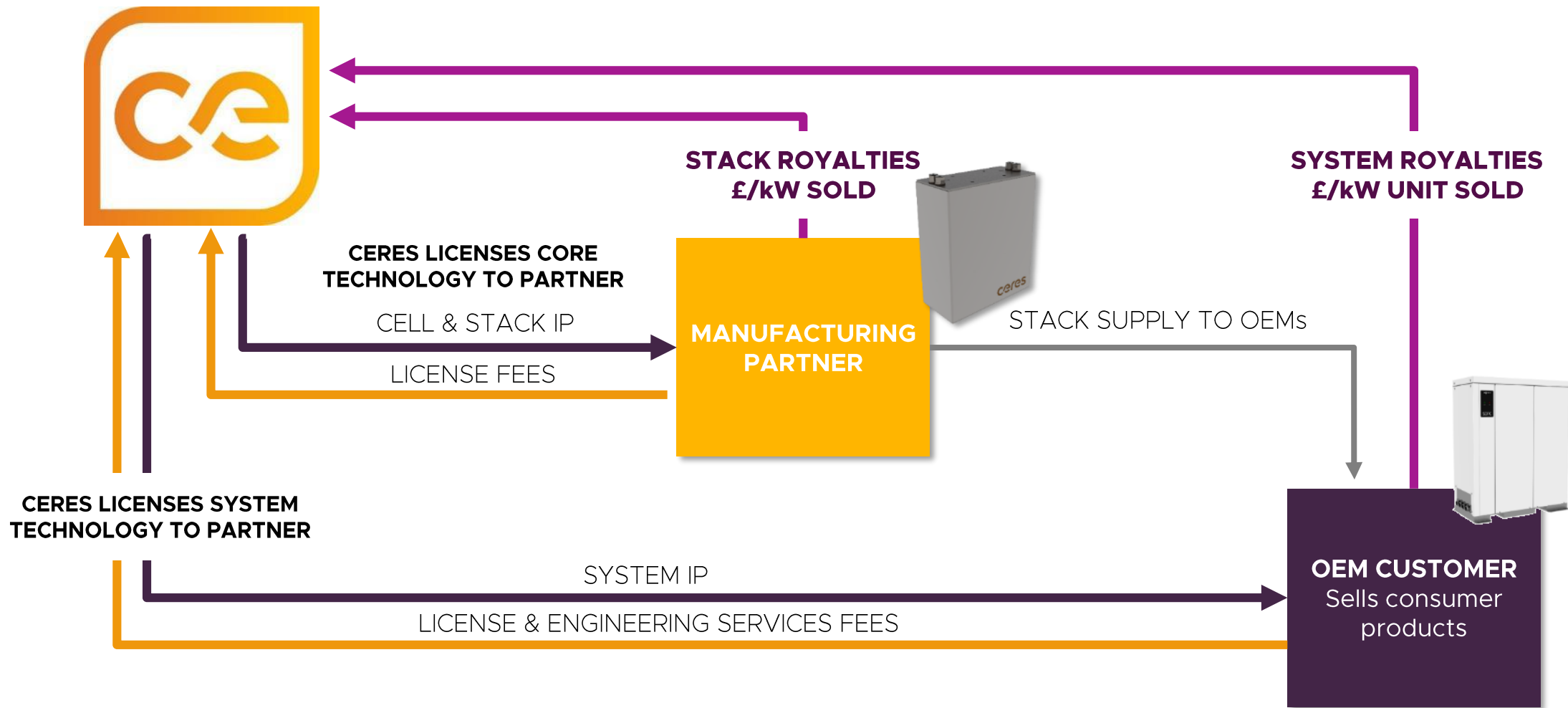
High-margin clean energy technology business well positioned for growth



APPENDICES



Asset-light, licensing business model



Income statement

| | 2019/20 £m | 2018/19 £m | Change £m |
|-----------------------------|---------------|---------------|--------------|
| Revenue | 18.9 | 15.3 | 3.6 |
| Cost of sales | (5.1) | (3.8) | (1.3) |
| Gross margin | 13.8 | 11.5 | 2.3 |
| Gross margin % | 73.0% | 75.1% | |
| Total R&D expenditure | (16.8) | (13.8) | (3.0) |
| Admin expenses | (6.5) | (4.6) | (1.9) |
| Comms | (1.6) | (2.1) | 0.5 |
| Operating costs | (24.9) | (20.5) | (4.4) |
| Cash operating costs | (21.4) | (18.6) | (2.8) |
| Other operating income | 1.0 | 1.1 | (0.1) |
| Adjusted EBITDA | (6.5) | (5.9) | (0.6) |
| Operating loss | (10.1) | (7.9) | (2.2) |
| Net interest | 0.4 | 0.6 | (0.2) |
| Loss before tax | (9.7) | (7.3) | (2.4) |
| Taxation | 2.4 | 2.5 | (0.1) |
| Loss after tax | (7.3) | (4.8) | (2.5) |

*2019/20 12 months ended 30 June 2020



Organisation

Board of Directors



Warren Finegold
Chairman



Steve Callaghan
Senior Independent Director



Uwe Glock
Non-Executive Director



Qinggui Hao
Non-Executive Director



Caroline Hargrove
Non-Executive Director



Aidan Hughes
Non-Executive Director



Phil Caldwell
Chief Executive Officer



Richard Preston
Chief Financial Officer



Tony Cochrane
Chief Commercial Officer



Mark Garrett
Chief Operating Officer



Mark Selby
Chief Technology Officer

Executive Management



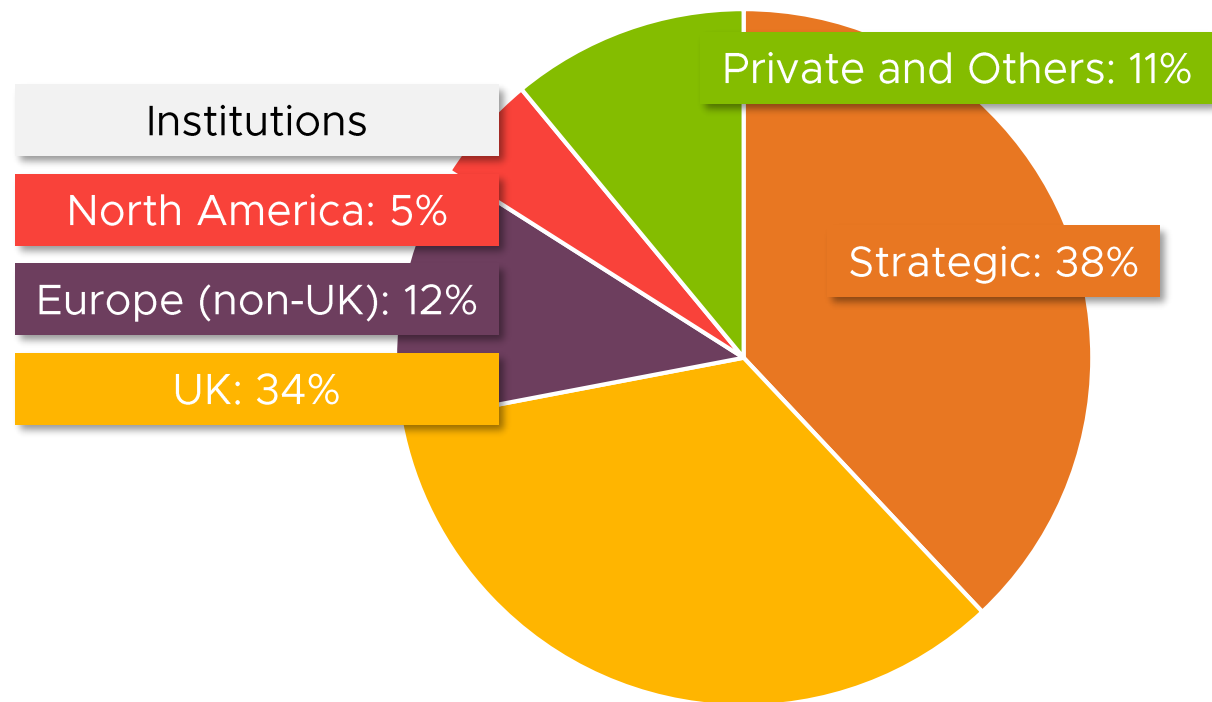
Share register (as at 28 Aug. 2020)

Investor

| | % |
|----------------------------------|-----|
| Weichai Power | 20% |
| Robert Bosch GmbH | 18% |
| Hargreaves Lansdown PLC | 3% |
| Oceanwood Capital Mgt | 3% |
| The Capital Group Companies, Inc | 3% |

Shareholder base

By type





THANK YOU

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