Interim Results

For the six months ended 30 June 2022

22 September 2022

CLEAN ENERGY STARTS WITH CERES

Leading solid oxide technology for **power and green hydrogen**

Unique IP, >100 patent families

High-margin, **licensing business model**

We **collaborate with world-leading companies** to deliver clean energy technology…

….at **scale and pace**

Investment in future growth

Scaling up globally	• Partnering with Shell for 1MW solid oxide electrolyser for green hydrogen • Finalising contracts for China JV and third planned manufacturing facility for Ceres SOFC
Solid financial position	• Revenue £9.9m with gross profit of £5.3m at industry-leading gross margin 55% • Cash and investments of £221.6 million as at 30 June 2022 (31 December 2021: £249.6 million)
Investment for growth	• Investment in R&D up by 46% into both power (SOFC) and electrolysis (SOEC) • Expansion of skilled workforce to 523 employees, plus arrival of additional Executive team members, Eric Lakin (CFO) and Deborah Grimason (Co.Sec)

Finalisation of China joint venture agreements

Final stages of preparing collaboration (now)

Expect to sign JV agreements (Q4)

Securing regulatory approvals (up to 4 months)

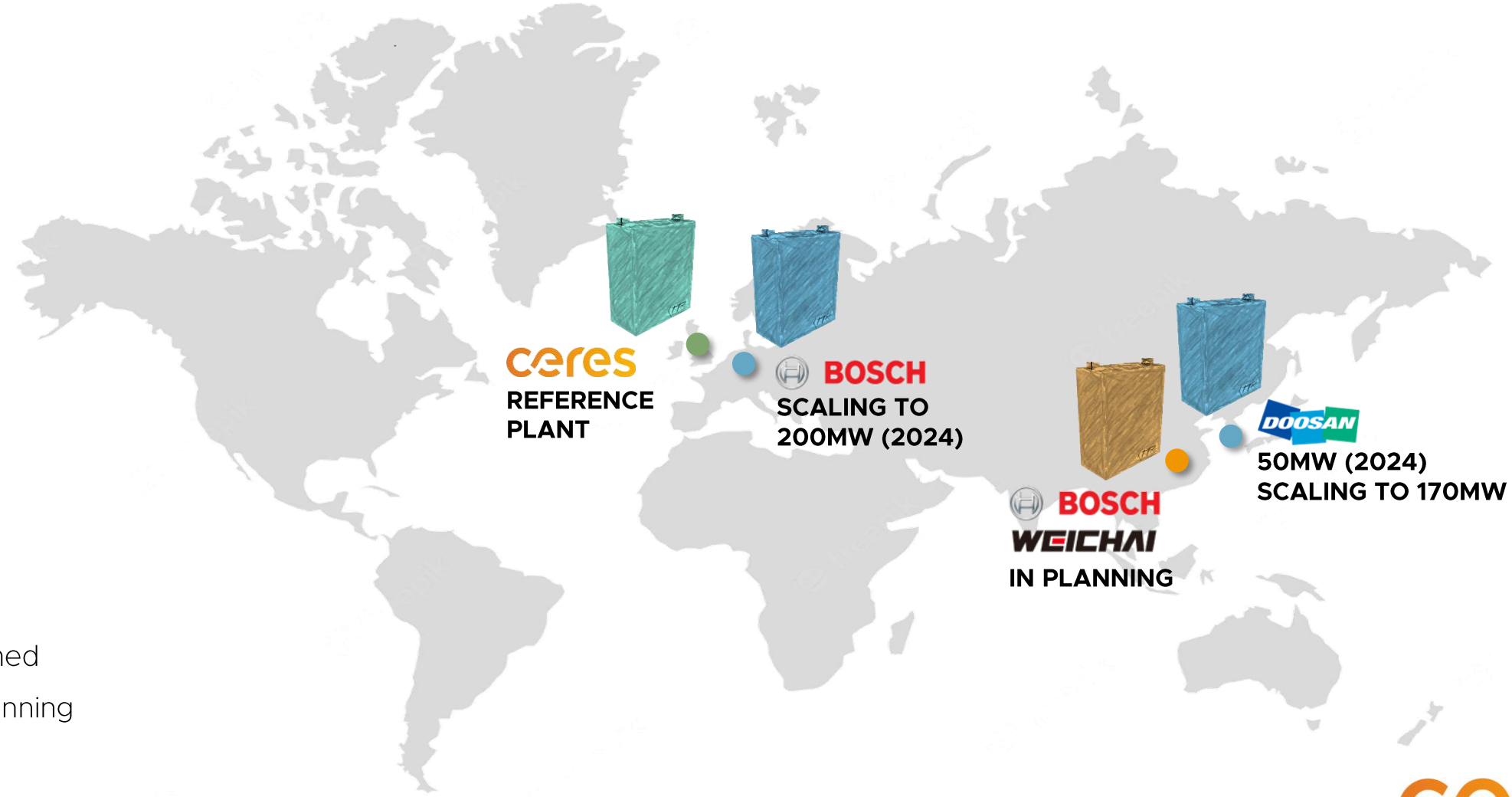
Establish JV entities (early 2023)

Licence fees revenue recognition (H1 2023)

Future royalties from production

Ceres scales through global partnerships

Partners building manufacturing scale globally – 250MW capacity planned with third manufacturing facility intended for China



Financial update

Eric Lakin

Financial highlights for six months ended 30 June 2022

Revenue and other operating income

£9.9m

-43% vs H1 2021

Gross margin

55%

H1 2021: 72%

Cash and short-term investments

£221.6m

Dec 2021: £249.6m

Employees

523

Dec 2021: 489

Gross profit

£5.3m

H1 2021: £12.2m

Adjusted EBITDA

(£20.5m)

H1 2021: (£4.5m)

Order backlog*

£76.2m

Dec 2021: £79.8m

Planned partner capacity

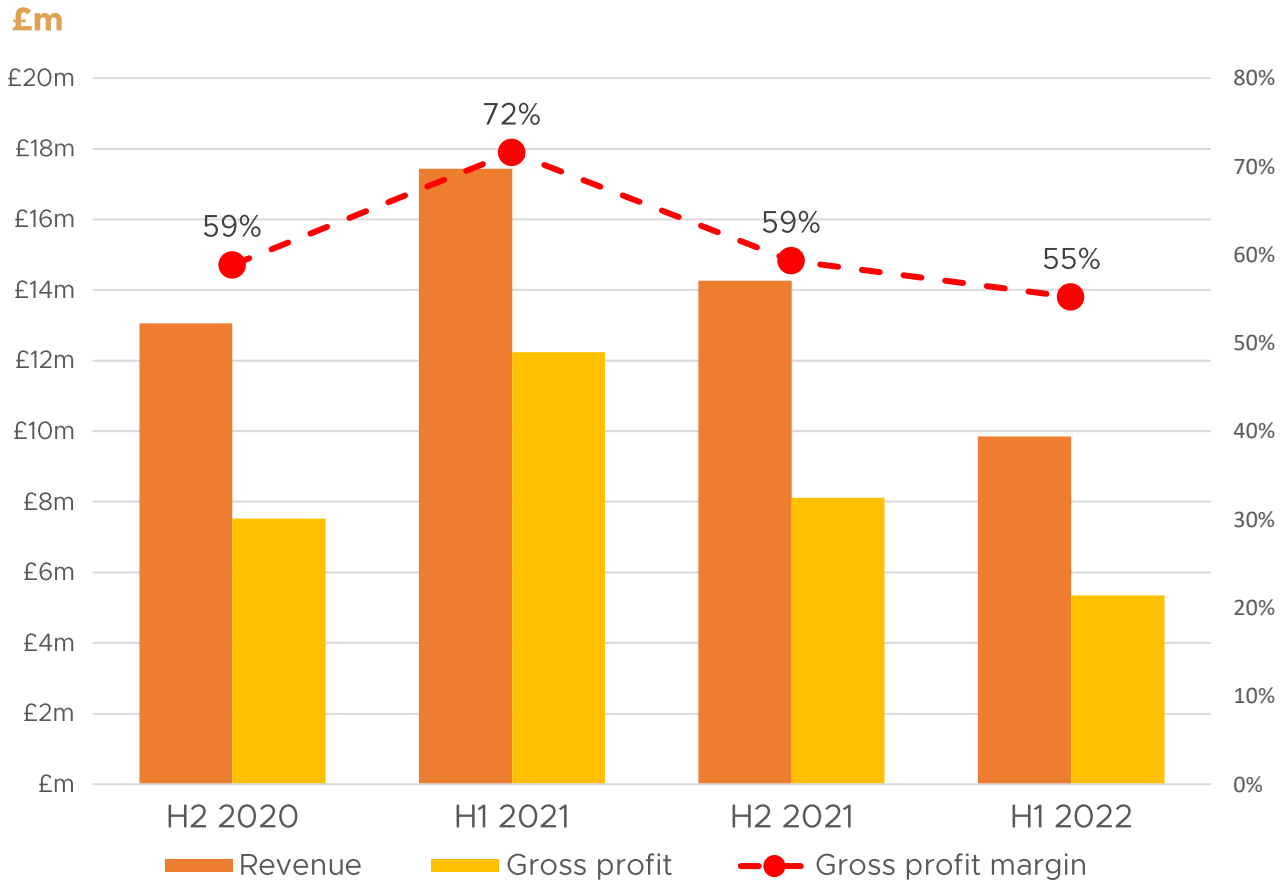
250MW

by 2024

* Incorporates order book and pipeline (i.e. shorter-term revenue backlog; does not include long-term recurring royalty revenue)

Revenue and gross margins strongly influenced by timing of licence fee revenue recognition (until royalty revenues scale up)

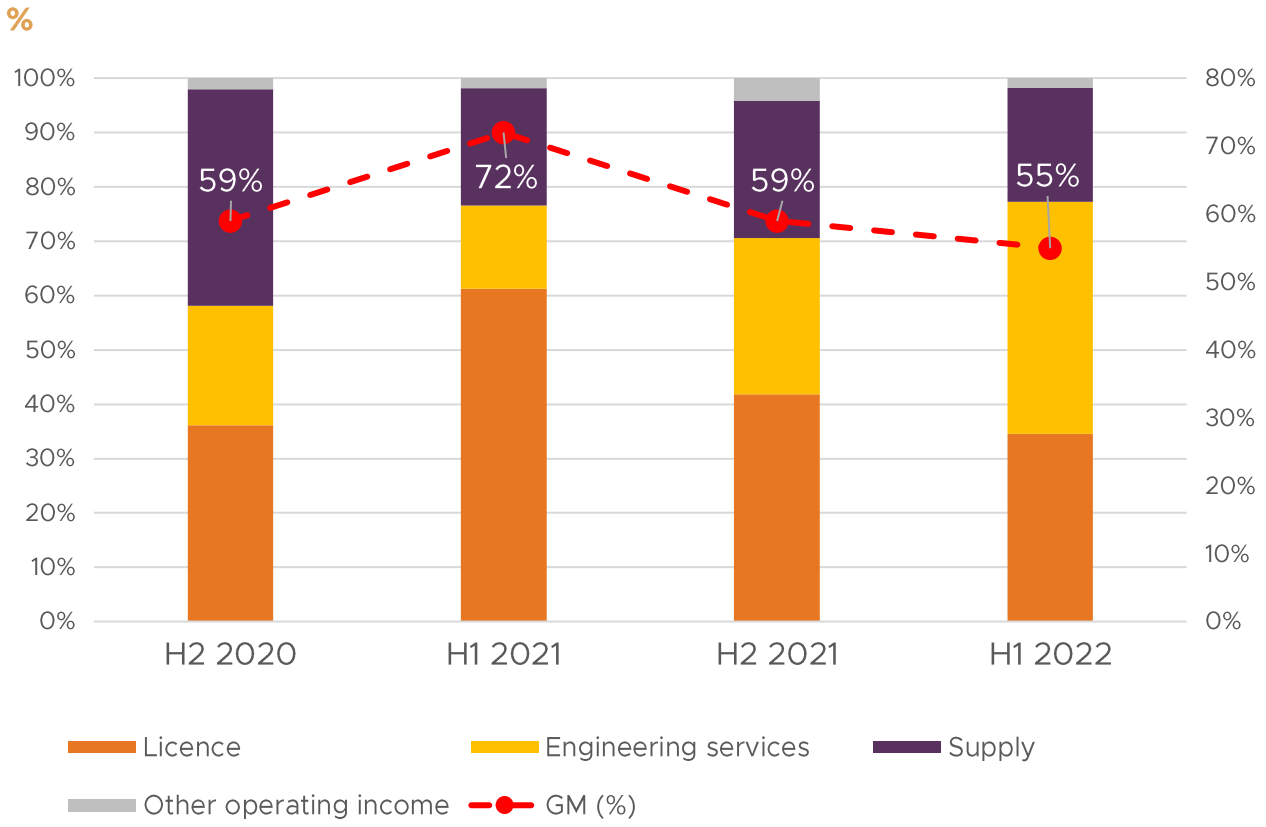
Revenue and gross profit



- Impacted by quantum of licence fee revenue recognised in each period
- Sector leading gross margin maintained, despite lower levels of licence fees
- Similar level of sales expected to be sustained for the second half of 2022
- Expect strong H1 2023 sales and gross margin to reflect recognition of majority of the £30m China JV licence fee revenue on establishment of the JVs

Revenue mix evolution over time, driven by contract timings

Revenue mix and gross margin

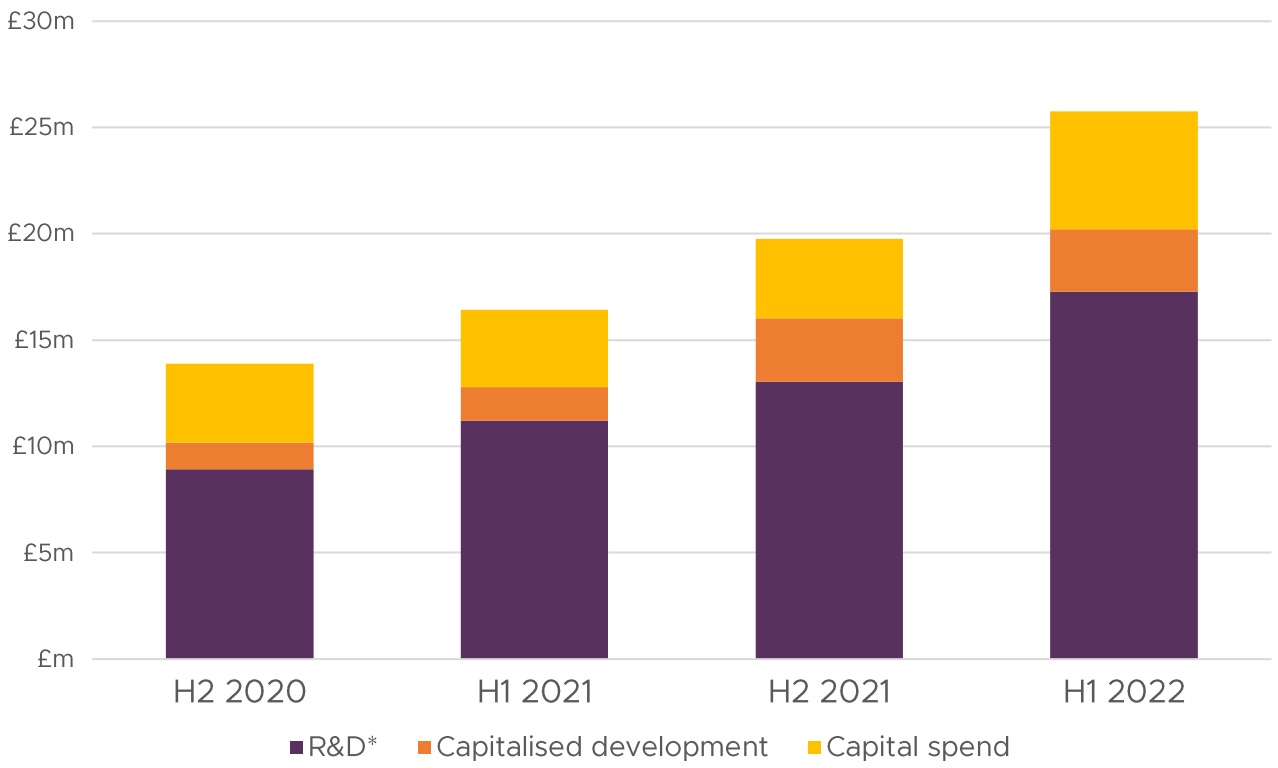


- Licence fee revenue – very high margin, often recognised up-front
- Supply – represents prototype technology (cells and stacks) to partners for development
- Engineering services – joint development and collaboration with our partners on stacks and systems across multiple applications
- Royalties – longer term, high margin revenue stream paid by partners based on commercial sales from start of production

Strong balance sheet enables investment for the future

Investment in the future

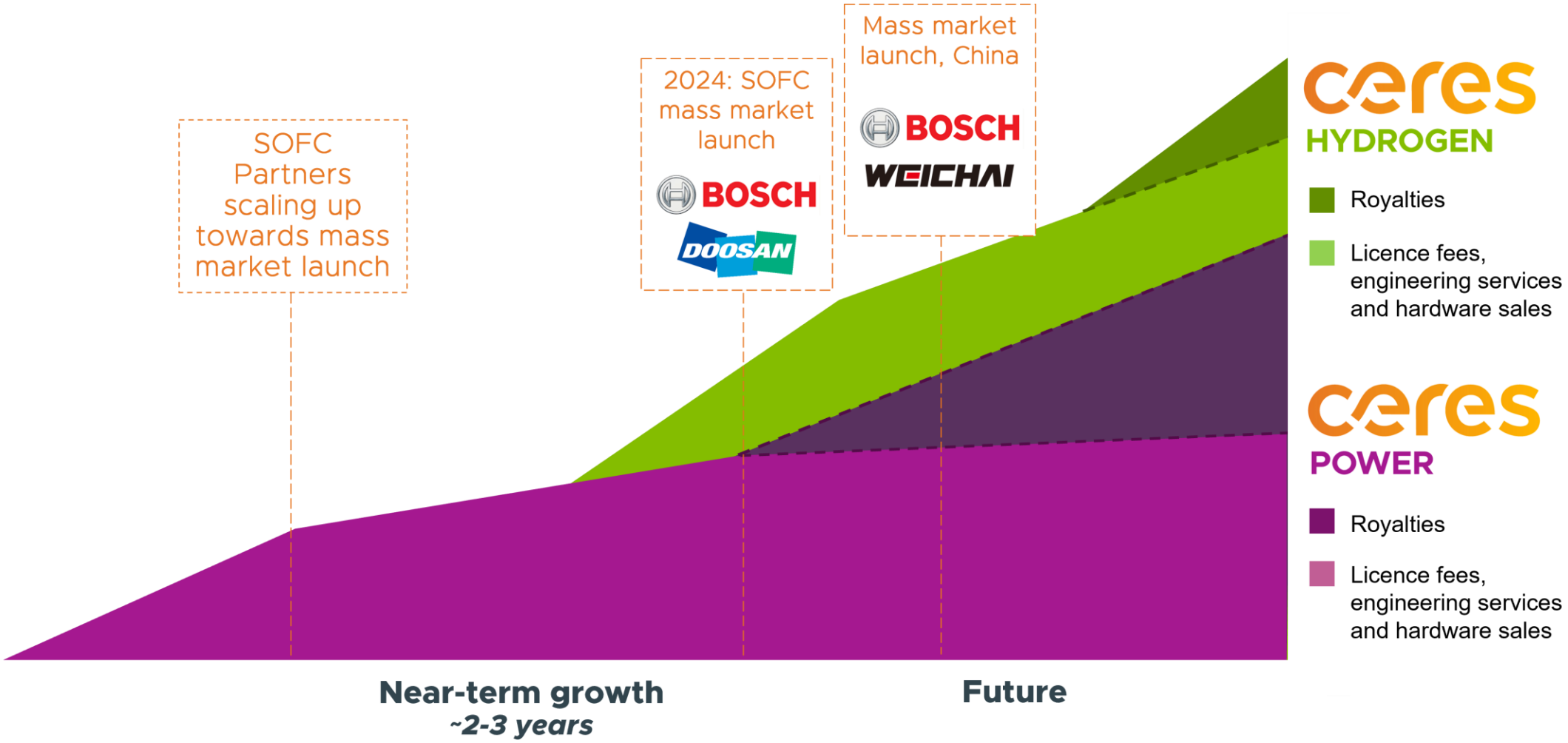
£m



* R&D spend before depreciation, amortisation and share based payments.

- Total "Investment in the future" increased to £25.7m (H12021 £16.5m) driven largely by growth in SOEC R&D, as well as continued investment in SOFC capability
- Capital investment in 2022 to further enhance pilot manufacturing and testing capacity and capability
- Planning continued increase of focused investment in H2 2022 and in 2023 to drive future growth in electrolysis and fuel cell applications, in line with strategy

Growing visibility of future royalty revenue



Business strategy

Phil Caldwell

Macroeconomic environment for decarbonisation

Net zero and energy security driving US and European policy with Asia undergoing a transition from coal to better use of natural gas

$370bn of US Climate funding for clean energy: hydrogen production, renewable energy and storage. **$9bn for regional hydrogen hubs,** hydrogen and fuel cell tax credits, grants and rebates available for 10 years.

€5.4bn IPCEI award programme for hydrogen tech value chain and **2030 REPOWER EU** sets targets for 20MT green hydrogen consumption by 2030

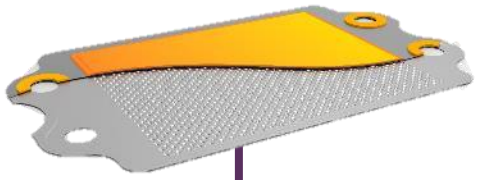
Wood Mackenzie predicts a doubling of natural gas use in Asia between 2020-2040 as countries shift from coal to natural gas to meet decarbonisation targets and need for greater energy system flexibility. The **Chinese government is targeting 15% of energy from gas by 2030** (vs. 8.2% in 2020).

60GW electrolyser demand target 2030 and recently published Hydrogen mission report with ambition to be future global leader in green steel and ammonia production

On top of Korea's Green New Deal, **a $380m fund for Hydrogen Industry** created and is aiming to inject KRW43.3tn ($31.1bn) into hydrogen ecosystem through 2030

Global energy transition to affordable clean power

Ceres technology enables high efficiency energy conversion at low cost



Stack

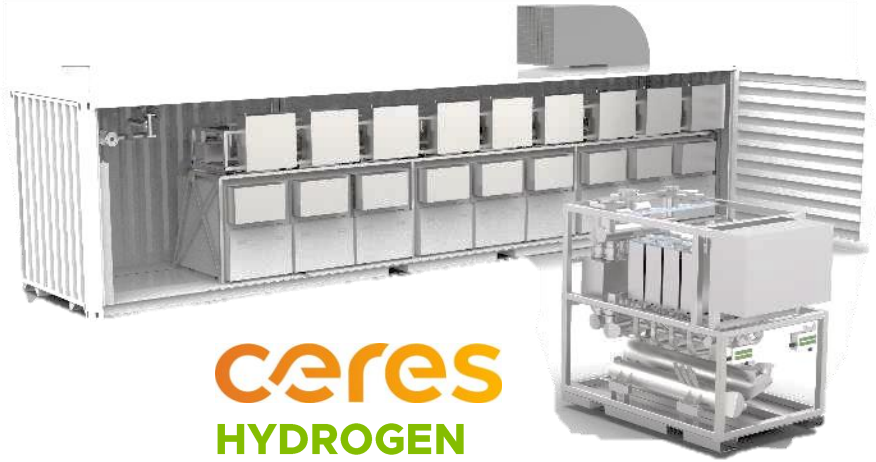
ceres POWER

MIURA

BOSCH

DOOSAN

WEICHAI



ceres HYDROGEN

Engaging with global majors in oil & gas, industrial gas and clean energy

Global partners benefit from regulatory support

BOSCH

Bosch plans the start of series production in 2024, by which time it will have invested about €500m in the development of decentralised power plants based on SOFC technology

- In Germany, more than €8 billion in funding is available for the development of hydrogen and other green technologies
- In July 2022, the stationary SOFC system being developed by Bosch was approved by the European Commission as one of the first Important Projects of Common European Interest (IPCEI) aimed at developing an integrated hydrogen economy in Europe
- It is now eligible for state funding on the basis of this approval under state aid law, aimed at strengthening innovative capacity, global competitiveness and creating new jobs in Germany

SOURCES: BMWK - European Commission approves 41 large-scale hydrogen projects – Tailwind from Brussels for four initial projects from Germany and www.bosch-sofc.com

Doosan ambition for market growth

2020

Doosan and Ceres licence agreement

2021

Completed development of 10kW system for buildings

Doosan spends KRW 143.7bn (~£100m) to build a solid oxide fuel cell plant in Saemangeum, SK

2022

Consortium for marine applicability test

Doosan announces first mover strategy for marine fuel cells

In February 2022, Doosan signed a letter of intent with Shell and Korea Shipbuilding & Offshore Engineering, the shipbuilding division of Hyundai Heavy Industries, to jointly develop a 600kW SOFC system based on Ceres' proprietary stack technology to commercialise cleaner power for ships by 2025

2023

Factory build (50MW)

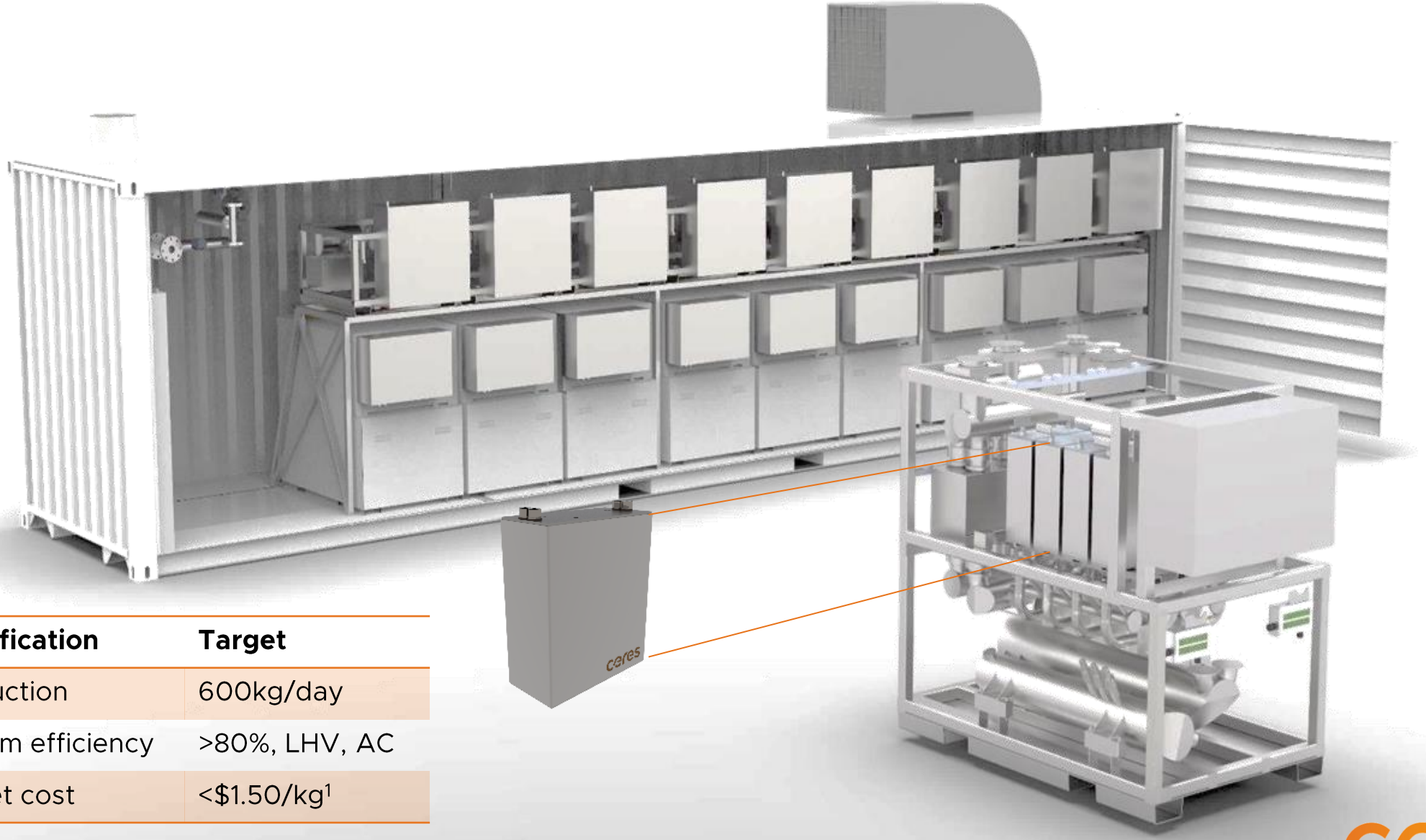
2024

Stationary products to be launched

2025

Marine fuel cell to be launched

Megawatt-class SOEC system demonstrator



Specification	Target
Production	600kg/day
System efficiency	>80%, LHV, AC
Target cost	<$1.50/kg[1]

Shell collaboration for green hydrogen

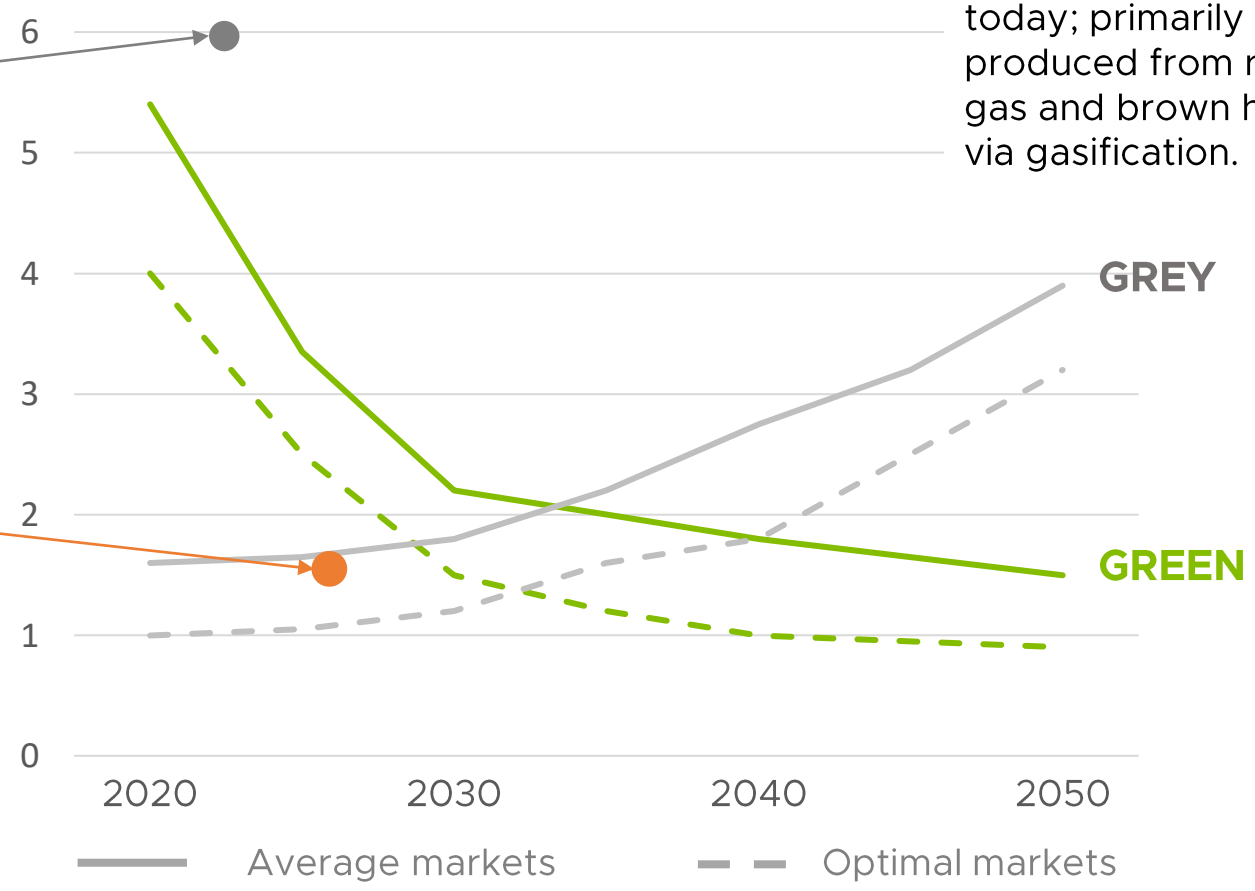
- Agreement to establish a 1MW technology pilot of Ceres' SOEC system at Shell's R&D centre in Bangalore, India
- Produce hydrogen at efficiencies around 20% greater than other technologies (80s to 90%) where it is possible to make use of waste heat in industrial processes to drive high efficiency
- Pilot starts in 2023 and will run for three years – hydrogen will be used in industrial processes onsite

Pivot to low-carbon hydrogen

Predicted production cost of hydrogen
USD/kg

Grey hydrogen reached levelised cost of USD6.71/kg in EMEA

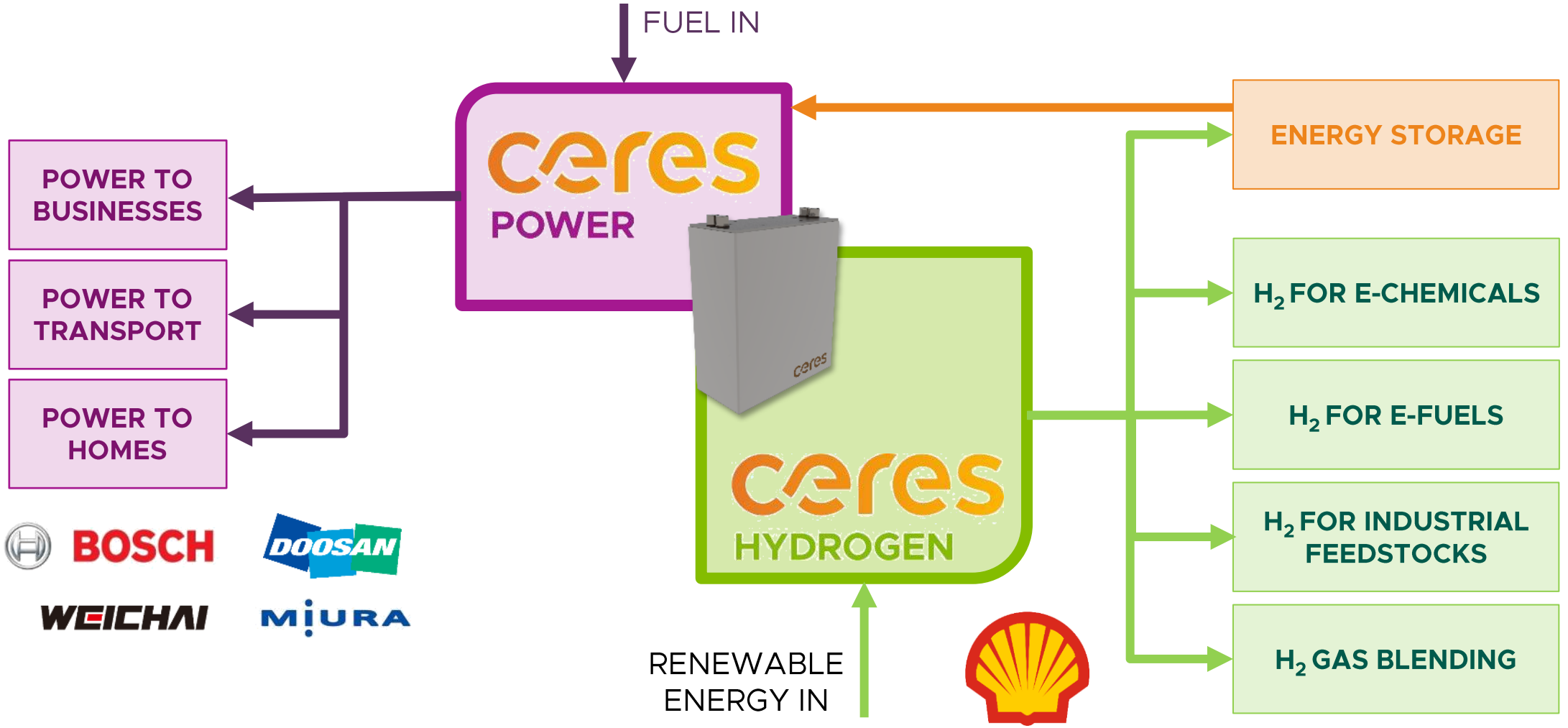
Ceres target market entry point of less than $1.5/kg from 2025



Around 70 million metric tonnes of hydrogen are produced worldwide today; primarily grey hydrogen produced from reforming natural gas and brown hydrogen from coal via gasification.

SOURCES: McKinsey, Wood Mackenzie, Ceres and BloombergNEF's recent report "*Ukraine War Makes Green Hydrogen Competitive*"

Platform technology to address decarbonisation



Outlook and targets for the year ahead

- Establish China JV for third global manufacturing facility
- Investment will continue in growth of SOFC and SOEC consistent with 2021 capital raise
- Supporting existing partners as they scale manufacturing in Germany and South Korea
- SOEC progression with commercial partnerships for green hydrogen
- Expansion of SOFC into new applications in higher power and maritime
- Commitment to move to the Main Market of the London Stock Exchange, which is expected to follow signing of the China JVs

Questions

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