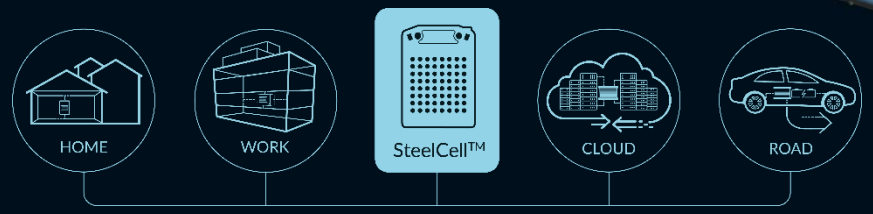
CeresPower®

Full Year Results

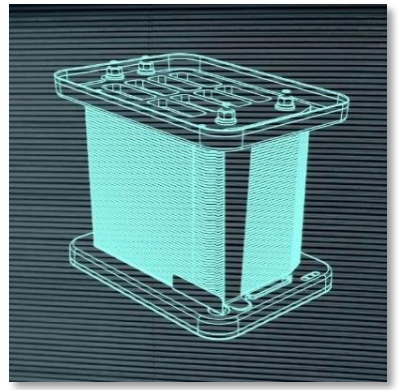
For the year ended 30 June 2019



BUSINESS OVERVIEW

Technology to address climate change

- High growth UK technology licensing company with global world-class partners
- World leading Solid Oxide fuel cell technology – Imperial College
- Unique IP ~50 Patent families plus know how
- 240+ highly skilled scientists and engineers based in UK
- Fully funded £71m cash and £28m order book and £50m pipeline
- AIM listed ~£320m market cap
- High-margin, capital light technology licensing business model



Fuel cell's role in energy transition

Air Quality

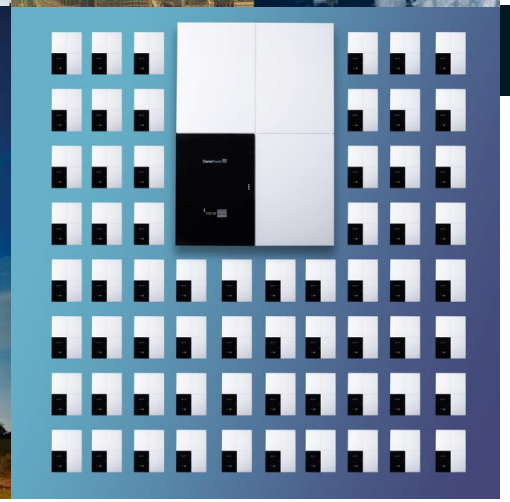
- Batteries & fuel cells key to Zero emissions
- Pressure on charging infrastructure

Climate Change

- Path to Net Zero
- Nat Gas to hydrogen

Balancing renewables

- Cheap renewable energy disrupting centralised power generation
- Fuel cells offer flexible distributed power

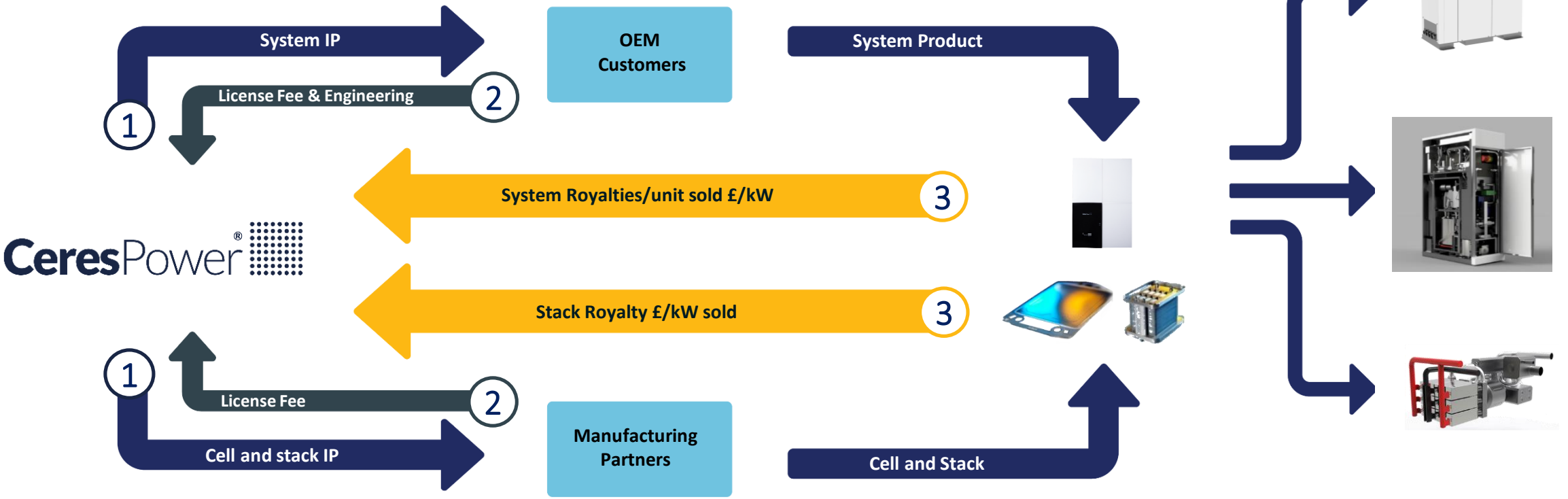


Energy efficiency

- Better than centralised power
- 60 % efficiency
  - > Centralised CCGT
  - 2x combustion engine

Ceres licensing business model

1. Ceres develops fuel cell technology that is licensed to OEMs and manufacturing partners
2. Ceres receives payments through engineering services and up front license fees
3. Ceres secures future royalties on every system and stack that uses Ceres technology



Ceres partnerships in multiple applications globally

De-centralised Power

Electric vehicles

Clean power for datacentres

Market size [1]	~100 GW	>300 GW	>50 GW
Possible annual revenues for Ceres	U$360m	U$400m	U$270m

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

- 1 kW residential to 10's to 100 kWs for businesses
- Higher efficiency than power from centralised grid

- Use as range extender for EVs in commercial vehicle markets (buses/trucks)
- Grid reinforcement for vehicle charging

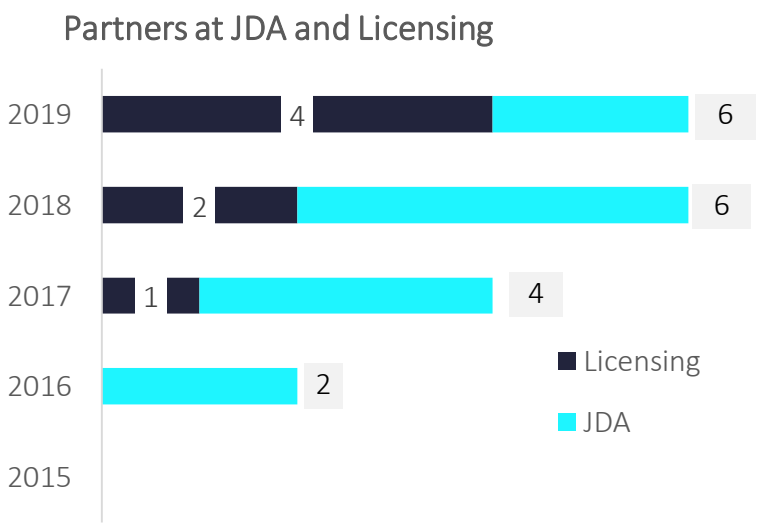
- Data centres use > 2 % global power
- Saves energy and CapEx
- Reliable on-site power generation

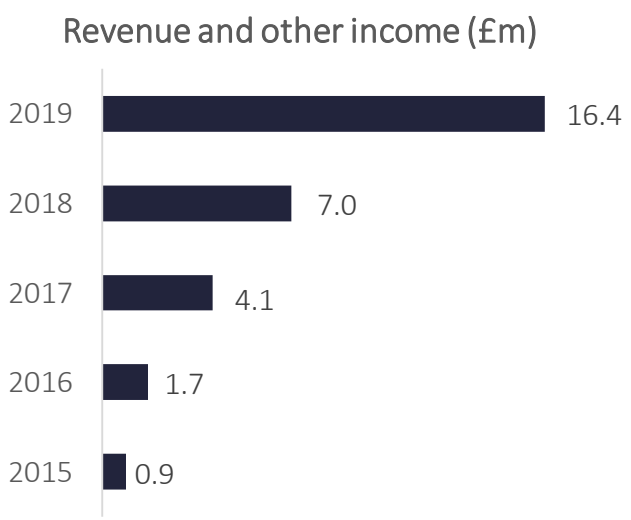
[1] *total addressable market*

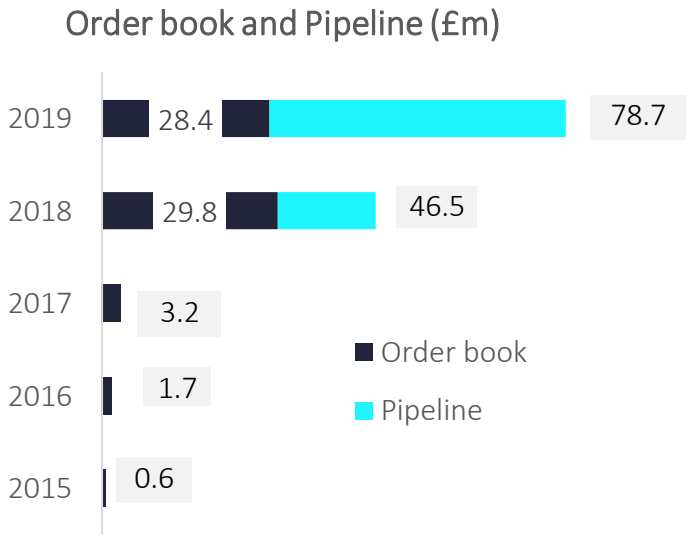
COMMERCIAL, TECHNOLOGY AND FINANCIAL PROGRESS

Financial and commercial highlights

- Strong revenue & income growth £16.4m (2018: 7.0m) at improved gross margin of 75% (vs target of >50%)
- Operating loss down 33% to £7.9m (2018: £11.9m) and underlying cashflow reduced to £3.1m (2018: £9.5m)
- Cash of £71.3m at 30 June 2019
- Strategic partnerships signed with Bosch and Weichai including equity investment and licensing agreements
- First product launch with Japan's Miura Co. using Ceres' SteelCell® in a CHP system for commercial use
- New system licence and JDA worth £8.0m over two years signed with Doosan post year end
- Strong order book of £28.4m and pipeline £50.3m (as at report date)







Technology and operational highlights

- Continuous development of core technology. V5 power density ~50% vs V4
- SteelCell® reached 60% net efficiency, greater than MW-scale gas turbine and twice that of a gas engine
- Joint development completed with Weichai of first prototype 30kW range extender system for electric buses
  - Meeting all technical milestones in 1 year programme

CP2: First global reference plant

- SteelCell® produced in small volumes proves scalability, facilitates new partnerships
- £8m investment, ~60 skilled jobs. Phase 1 launch 2020 at 2MW annual capacity
- Will provide near term capacity for customers and act as “blueprint facility” for technology transfer to enable license to manufacturing partners e.g. Bosch.

PARTNER UPDATE

How we work with Partners

1. Joint Product Development

Engineering Services

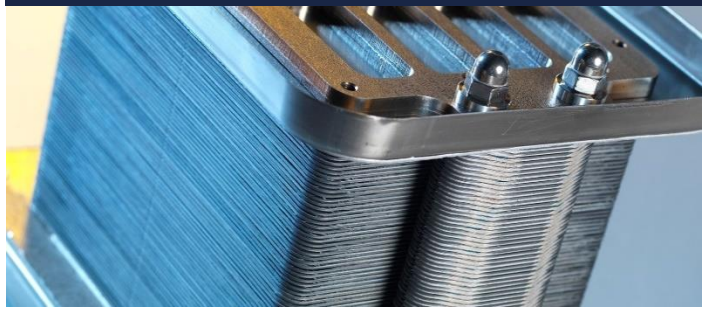
(2 – 3 years)

$

6 Joint Development partners

BOSCH, Cummins, DOOSAN, WEICHAI, HONDA, MIURA

2. System and manufacturing Licensing



Up Front License Fees for technology transfer

(~3 years)

$$

4 Licensee partners

BOSCH, DOOSAN, WEICHAI, MIURA

3. Royalties from multiple products in global markets

Future Royalties per kW

At start of production

$$ Recurring revenues

1st Product Launch Q4 2019

MIURA

Bosch – manufacturing partner progress

Strategic collaboration

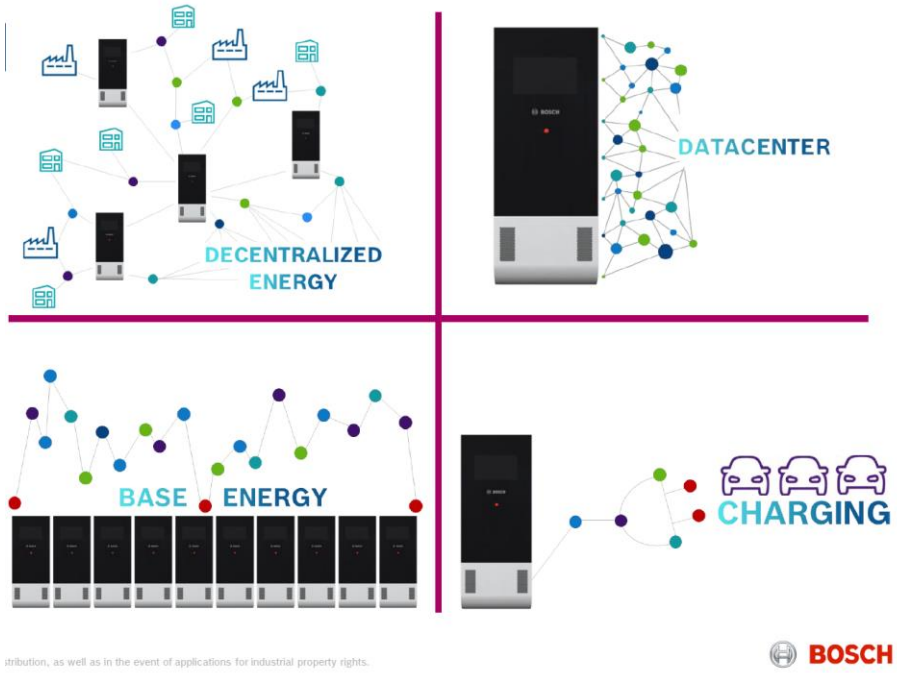
- Bosch Invested £9m in Ceres for 4 % stake + £20m license/JDA revenues to 2020 **(Aug 2018)**
- Global ceramics manufacturing expertise in Germany/China/USA

Multiple market applications

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

Continued progress against key milestones

- Tech transfer completed and key milestone passed **(Dec 2018)**
- Collaboration on CP2 in UK and parallel low volume manufacture at Bosch in Bamberg Germany **(Q1 2020)**
- Industrialise 5kW stack with aim to enable future product high volume scale up and manufacture



Weichai Power – system partner and manufacturing JV

Market opportunity

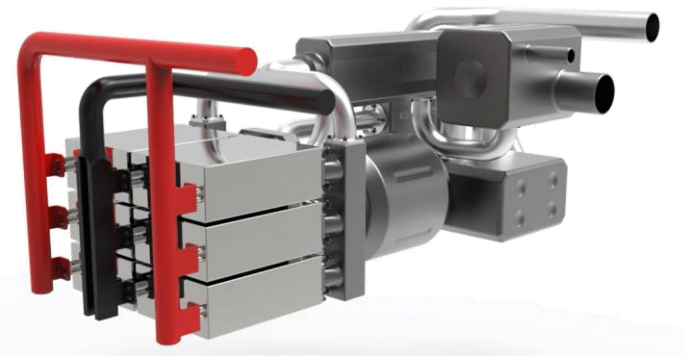
Access to China - fastest growing fuel cell market, focus EV bus and truck

- World-leading automotive/equipment manufacturer worth +£10Bn
- Produces 600k engines per year, c.30k buses and 150k heavy duty trucks
- Strong international track record Kion, Germany and Ferretti, Italy

- Initially 30kW power systems for Commercial EVs, scalable to higher power stationary applications.

Progress of strategic collaboration

- Completed equity investment of total £48m for 20% of ISC **(Dec 2018)**
- Licence Agreement and JDA for up to £39m concluded **(Dec 2018)**
- Completed initial prototype bus Range Extender **(Sep 2019)**
- Next system JDA and small fleet field trials **(Next 12mths)**
- Form system JV in China on successful field testing **(Q4 2020)**



30 kW EV Bus range extender

Miura Co – system partner

Miura

- Japan's leading industrial boiler manufacturer with US$1.3bn global revenues

The market

- Japan is one of the most advanced markets in the world for fuel cells and a key target market for Ceres
- Approx. 300,000 residential units installed with government subsidies
- Government focused on CHP for commercial building sector

Ceres Power's first product launch

- Relationship first announced and tech transfer **(Dec 2016)**
- 4.2 kW CHP product set to launch **(Oct 2019)**
- Follows three year successful joint development programme

Doosan – system partner

Major South Korean industrials business

- Fortune 500, 39,000 employees and turnover +US$15bn
- Leaders in energy, renewables, construction

South Korean fuel cell market well established

- Government targeting combined output from fuel cell technology of 15 GW by 2040, 300MW deployed to date

Doosan Fuel Cell is global No. 1 fuel cell power generator

- >US$800m orders in 2018
- Acquired PAFC and PEM technology; SteelCell® addresses technology gap for Doosan re SOFC

The Agreement signed July 2019

- System-level licence and JDA to develop 5-20kW power system, initially for commercial applications
- £8m value to Ceres in licencing, technology transfer and engineering services over two years
- Fills a technology gap for Doosan and a geographic gap for Ceres
- Potential for longer broader collaboration

FINANCIAL SUMMARY

Financial highlights

Revenue and other operating income

£16.4m

+133%

Gross margin

75%

(2018: 51%)

Operating loss

£7.9m

(2018: £11.9m)

Net cash used in operating activities

£3.1m

(2018: £9.5m)

Order book

£28.4m

(2018: £30m)

Pipeline

£50.0m

(2018: 17m)

Cash and short-term investments

£71.3m

(2018: £6.4m)

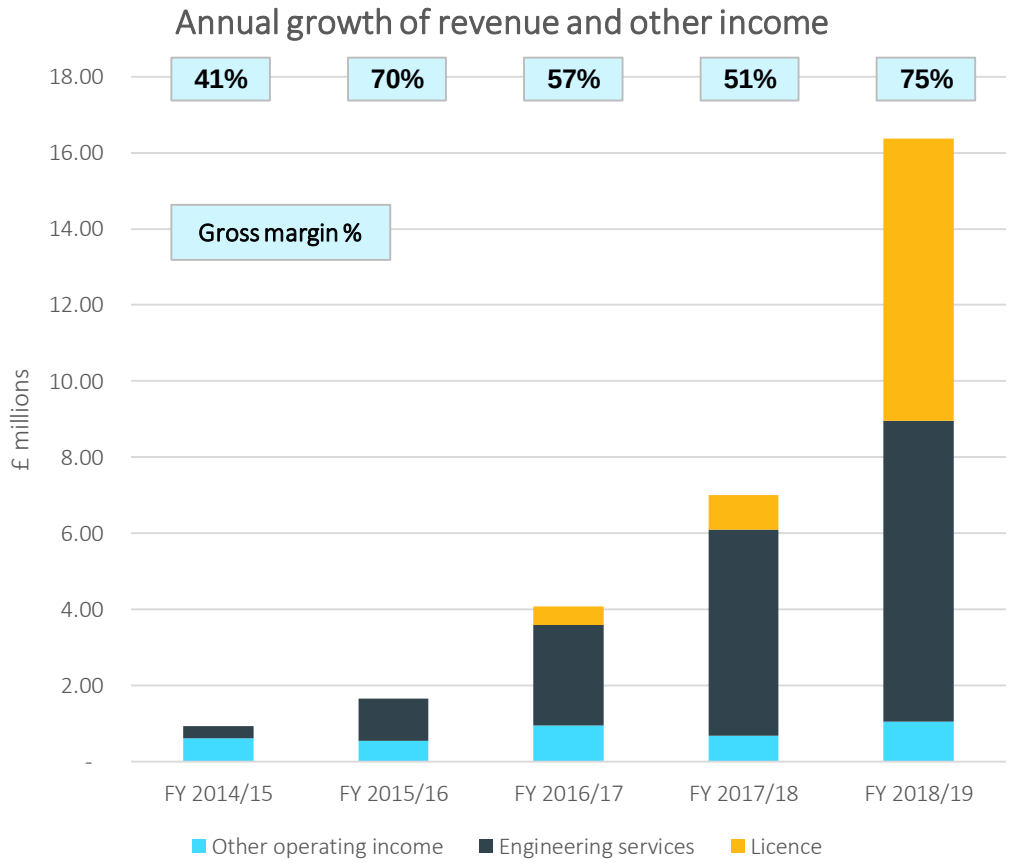
New equity raised

£77.1m

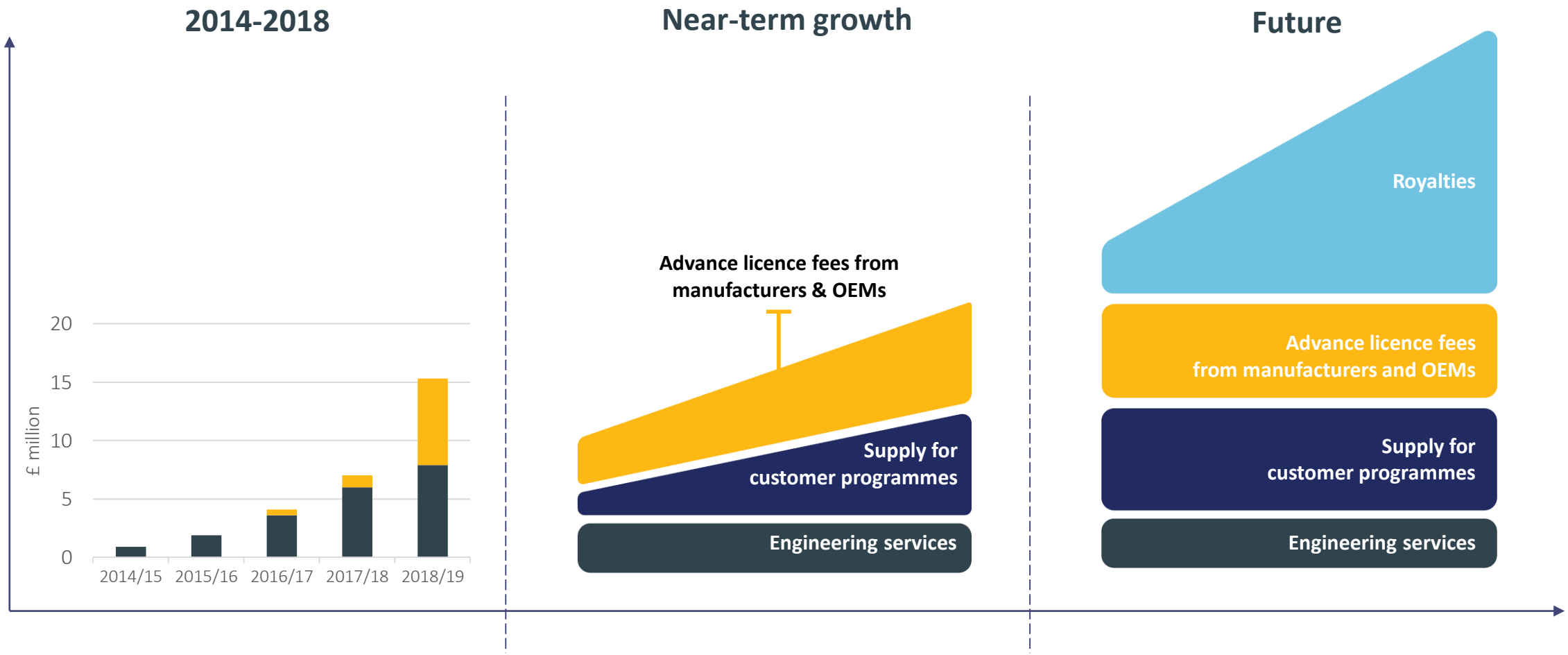
From strategic partners and financial institutions

Revenue and gross margin

- Licence and engineering services driving high margin revenue growth
- Revenue mix will change with low volume hardware supply as CP2 comes on line
- Targeting sustained gross margin >50%
  Dependent on individual contracts



Revenue evolution



Income statement

- Targeting gross margin consistently > 50%
- Investment in people and facilities to deliver growth
- Increased R&D investment to maintain technology leadership position
  - Development capitalised in year
- Tax credit – reflects increased R&D activity
- Loss After Tax halved from 2018

£m	FY 2019	FY 2018
Revenue	15.3	6.3
Gross margin	11.5	3.2
Gross margin %	75%	51%
R&D	-13.8	-11.4
SG&A	-6.7	-4.4
Operating costs	-20.5	-15.8
Other operating income	1.1	0.7
Operating loss	-7.9	-11.9
Interest	0.6	0.1
LBT	-7.3	-11.8
Taxation	2.5	1.9
LAT	-4.8	-9.9

Cash flow

- Cash used in Operating Activities down by 2/3
- £7.3 m invested in Capex - majority at CP2
- Development capitalised as company commercialises technology
- Fully funded cash position with £71.3 m

£m	FY 2019	FY 2018
Operating cash flows	-5.9	-9.9
Changes in working capital	0.7	-1.5
Tax received in the period	2.1	1.9
Cash used in operating activities	-3.1	-9.5
Capital expenditure	-7.3	-1.5
R&D capitalised	-1.3	0.0
Finance income	0.2	0.1
Equity-free cash outflow[1]	-11.5	-10.9
Net cash & financial assets	**71.3**	**6.4**

[1]Equity free cash outflow is the net change in cash and cash equivalents in the year less net cash generated from financing activities plus the movement in short-term investments.

SUMMARY AND OUTLOOK

Summary and outlook

- Commercial launch with Miura in Japan **(Q4 2019)**
- CP2 on track for first production **(Jan 2020)**
- Bosch: Collaboration to establish pilot manufacture in Bamberg Germany
- Weichai: Focused on developing the next stage systems for bus field trials in 2020. Commitment to form a JV to manufacture fuel cell systems **(Q4 2020)**
- Continued investment in R&D latest technology update V6 targeted **(Q4 2020)**

Strong revenue growth to continue, with high margin licensing business model


CeresPower®
QUESTIONS

Appendices

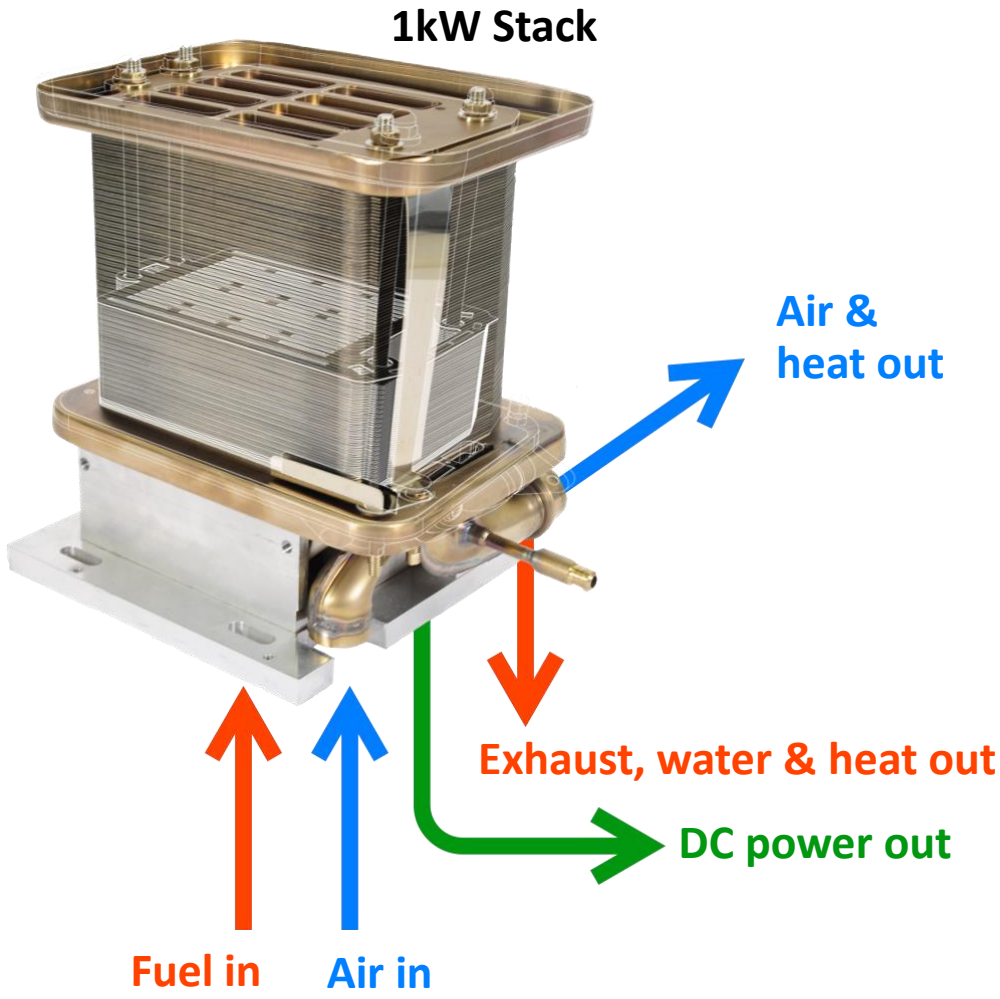
Fuel cell technology

A fuel cell is the most efficient way to convert fuel to power

- Produces an electric current from a chemical reaction
- No combustion

Results in clean air and less CO_2

- No particulates, SOx or NOx emissions
- Low to zero CO_2 produced depending on fuel used (30% to 100% reduction)



Advantage of Ceres' SteelCell®

SteelCell® is a solid oxide fuel cell (SOFC) technology incorporating a proprietary process to deposit very thin ceramic layers on micro-perforated steel plates.

- Steel construction; low-cost and robust
- Fuel flexible; hydrogen ready, operate on natural gas, liquid fuels or biofuels today
- Scalable; more cells stacked equals greater energy delivered
- Stationary and transport applications

Fuel Cell Technology Family	 PEM	 SOFC	 SteelCell®
Efficiency		✓	✓
Fuel suitability	**Hydrogen only**	**Nat Gas Liquid fuels Bio fuels Hydrogen**	**Nat Gas Liquid fuels Bio fuels Hydrogen**
Cost	✓		✓
Robustness	✓		✓
Applications	**Transport**	**Stationary**	**Both**
Leading players	**Ballard, Toyota etc**	**Bloom Energy**	**Ceres**

UK Manufacturing enables global licensees

R&D Scale Horsham

CP2 Reference plant

Low volume manufacturing

High Volume Manufacturing

Potential 200MW plants

2018 2019 2020 2021

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

Phase 1 → 2 MW

Phase 2 → 3 to 10 MW

Manufacturing License

Manufacturing License China JV

Manufacturing License

Annual capacity equivalent in units:

HOME	WORK	CLOUD	ROAD
1kW	10kW	Datacentres	30kW
2,000	200	-	60
10,000	1,000	0.25	300
200,000	20,000	4-10	6,000

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