



# PRELIMINARY RESULTS

For the 18 months ended 31 December 2020

18 March 2021

CLEAN ENERGY STARTS WITH CERES

# Strategic partnerships go from strength-to-strength

- Climate action remains number one global challenge. Intention to establish a leading position in the sector to capitalise on the substantial opportunities that exist for clean energy technologies
- Progress on major contracts has driven an increase in revenue and other operating income to £33.0m (18 months ending Dec 2020). Asset-light licencing model continues to underpin sector-leading gross margins of 67%
- Strategic partnerships strengthen further with good progress in commercial programmes and a number of key milestones reached in the period
- All of this was made possible by the continued hard work and commitment of the Ceres team. We have continued to grow rapidly despite the impact of Covid-19
- Successful £181m fundraising overnight enables growth into new area of SOEC and expansion of SOFC business backed by both Bosch and Weichai



# £181m fundraising to significantly increase addressable market

## SOFC: 25% of funds

- Further growth opportunities in SOFC
- Open up new markets in higher power applications and new market sectors
- Aim to become the industry standard in SOFC in power and transportation

## SOEC: 55% of funds

- New growth opportunities in solid oxide electrolysis (SOEC)
- Develop differentiated technology to access significant green hydrogen market for industrial applications
- Total addressable market: US\$0.6-1.1bn in future royalties

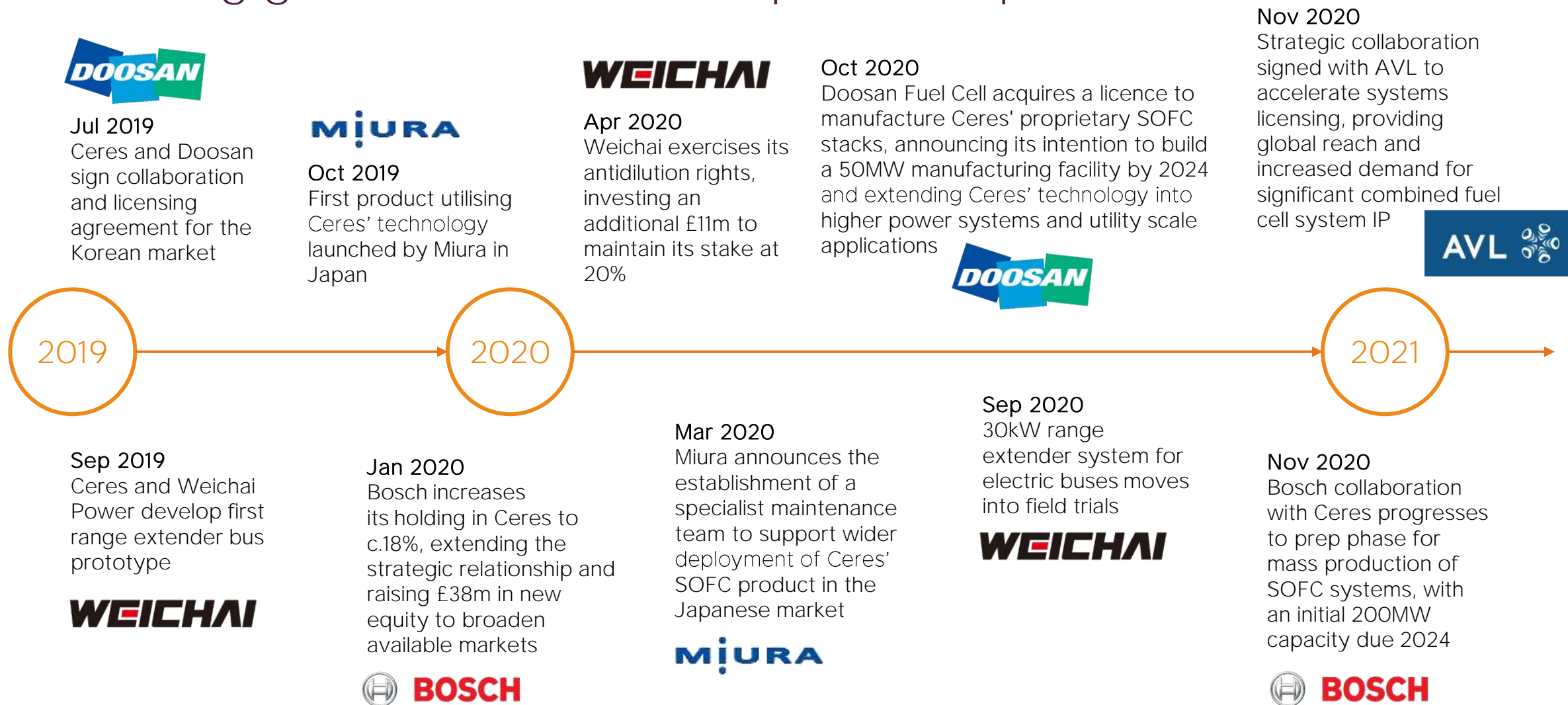
## Core investment across SOEC and SOFC: 20% of funds

- Investment in core business
- Accelerate innovation and development
- Maintain technology leadership
- General working capital

Weichai Power (20%) and Bosch (18%) supportive of fundraising and strategy, full participation  
Strong Institutional backing via ABB plus retail offering



# Continuing growth of commercial partnerships



# Progress with key partnerships



- Preparing for mass production of SOFC systems based on Ceres' technology
- Targeting production capacity of 200MW by 2024 across multiple sites in Germany



- Bus trials employing Ceres' technology due to complete in H1 2021
- Establishment of the JV in Shandong province now likely to be mid-2021



- Manufacturing licence with a target capacity of 50MW in 2024
- Extended systems partnership to target higher power utility scale applications and marine



- Strategic collaboration signed to accelerate systems licensing
- Providing global reach and increased demand for significant combined fuel cell system capability





# FINANCIAL UPDATE

Richard Preston, Chief Financial Officer



# Financial highlights

Revenue and other operating income

**CY £21.9m**

CY 2019 £19.1m (+15%)

18 months ended Dec 2020 £33.0m

Gross margin

**CY 67%**

CY 2019 67%

18 months ended Dec 2020 67%

Adjusted EBITDA

**CY (£10.0m)**

CY 2019: (£5.3m)

18 months ended Dec 2020 (£11.4m)

Net cash used in operating activities

**CY (£2.3m)**

CY 2019 (£3.4m)

18 months ended Dec 2020 (£5.8m)

Order book<sup>1</sup>

**£54.3m\***

Sep 2019: £28.4m

Pipeline<sup>2</sup>

**£44.4m\***

Sep 2019: £50.3m

Cash and investments

**CY £110.2m**

CY 2019: £64.6m

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

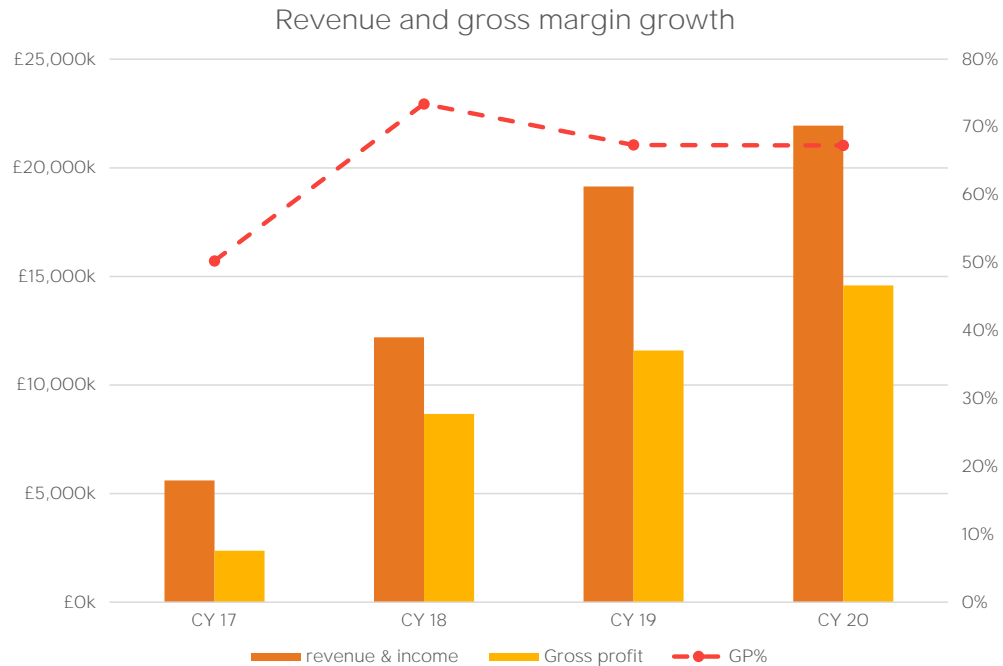
<sup>2</sup> Pipeline is contracted revenue and other income which management estimate is contingent upon options not under the control of Ceres.

\* As at 31 December 2020

# Continued growth

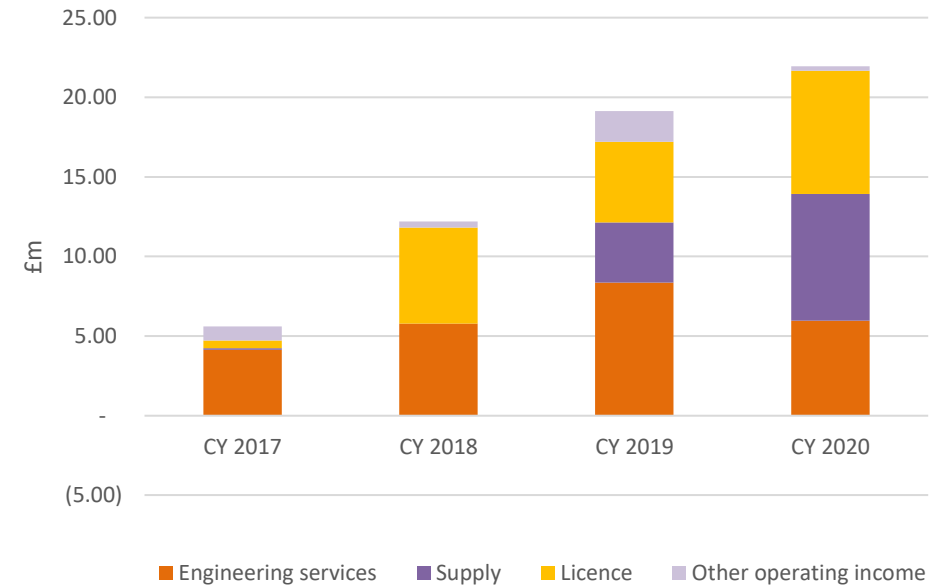
## Revenue growth

£m



## Revenue mix

£m



- Continuing revenue and gross profit growth through COVID
- Sector leading gross margin maintained
- Revenue mix changing due to increase in licence revenue and hardware supply

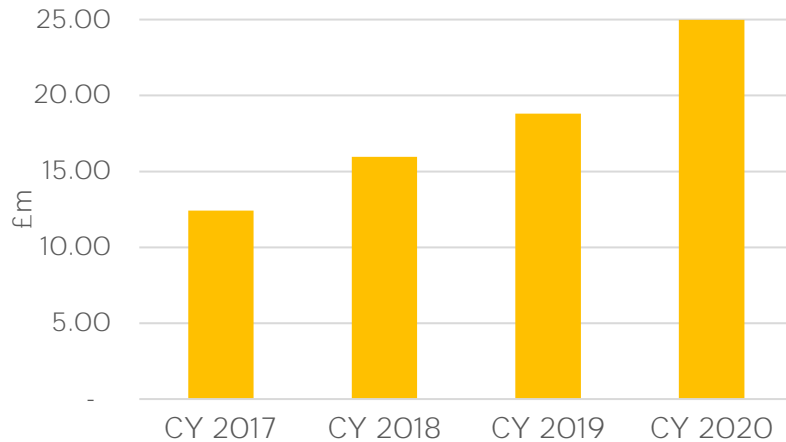




# Continuing to invest for further growth

## Cash Opex

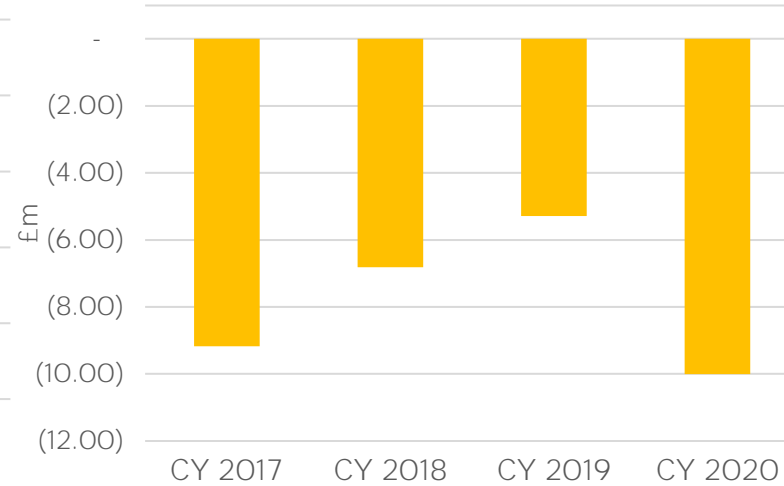
£m



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

## Adjusted EBITDA

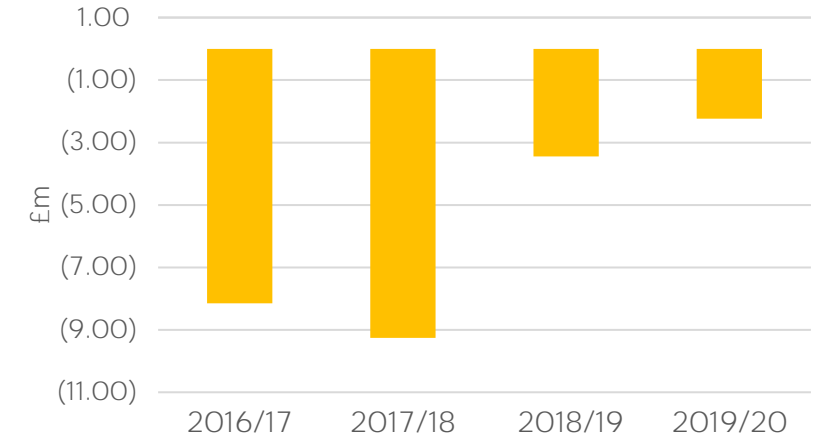
£m



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

## Net cash used in operating activities

£m



- Priority is to maximise future value
- Building the company to capitalise on opportunities



# Existing cash and £181m raise positions Ceres for growth

£110m existing cash for JV and current markets

£181m fundraise for future opportunities

- SOEC
- More SOFC markets
- Innovation and core support

	18 months ended 31 Dec 2020 £m	CY 2020 £m	CY 2019 £m	Change £m
Operating cash flows	(11.4)	(9.8)	(5.4)	(4.4)
Changes in working capital	3.1	5.0	(0.1)	5.2
Tax received in the period	2.5	2.5	2.1	0.4
<b>Cash used in operating activities</b>	<b>(5.8)</b>	<b>(2.3)</b>	<b>(3.4)</b>	<b>1.1</b>
Capital expenditure	(9.3)	(6.7)	(8.9)	2.2
R&D capitalised	(3.8)	(2.7)	(2.3)	(0.4)
Finance income	1.1	0.7	0.5	0.2
Finance expense and repayment of lease liabilities	(1.2)	(0.8)	(0.4)	(0.4)
Exchange rate movements	(0.1)	-	(0.3)	0.3
<b>Equity-free cash outflow</b>	<b>(19.1)</b>	<b>(11.9)</b>	<b>(14.8)</b>	<b>2.9</b>
<b>Net cash &amp; financial assets</b>	<b>110.2</b>	<b>110.2</b>	<b>64.6</b>	<b>45.6</b>



# STRATEGY AND OUTLOOK

Phil Caldwell, Chief Executive



# The time is right for growth to tackle climate change



## Policy

- More than 20 countries have now published dedicated hydrogen strategies
- Ceres already has strong partnerships in some of the most progressive countries; Japan, Germany, South Korea and China



## Industry

- Climate action remains the single biggest challenge. If anything Covid has brought this into sharper focus
- Major corporations across the globe, including BP, Microsoft and Bosch have made net-zero pledges



## Green investment


- Shareholder resolutions increasingly calling for better disclosures of climate change risks and emissions
- Transitioning to net zero represents a significant challenge but also a huge investment opportunity



# Clean energy technology to address climate change



Stationary SOFC



Ceres core IP, 1kW to 20kW. Potential for 150-500kW utility scale

HIGHER POWER



Transport SOFC



Ceres 30kW today. Potential for 150kW+ for trucks and shipping

NEW APPLICATIONS



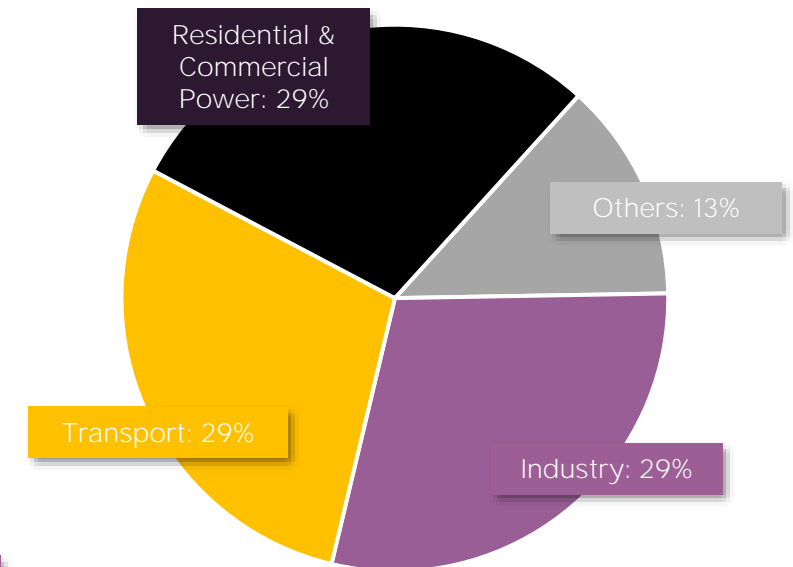
SOEC



SOEC for H<sub>2</sub> demand in industrial uses e.g. green steel, ammonia, cement

H<sub>2</sub> & E-FUELS

Global demand for energy  
By sector



# Clean energy starts with Ceres: Growing our business

**Ceres**  
POWER

**Ceres**  
HYDROGEN

Same core cell & stack technology platform  
Same IP portfolio covering SOEC and SOFC  
Same manufacturing process and supply chain  
Same partnering model providing scale

## Commercialisation phase

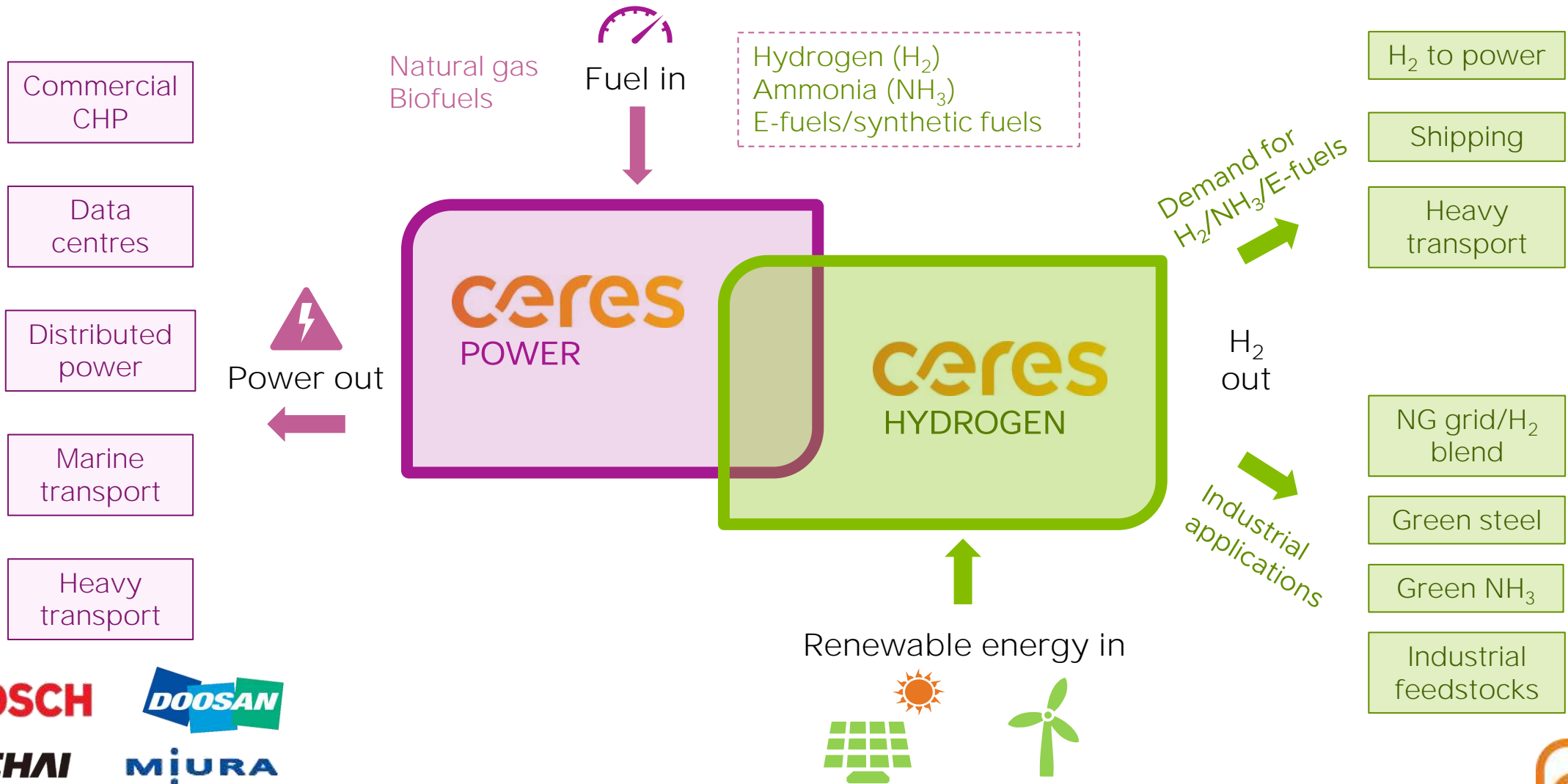
- High efficiency power generation
- Fuel flexibility with pathway to future fuels H<sub>2</sub>, NH<sub>3</sub> and synthetic fuels
- Manufacturing scale up with partners drives cost down at volume
- Growing number of applications

## Development phase

- High efficiency green hydrogen production
- Prototype construction phase planned
- Megawatt-scale demonstrator
- Feedstock production for industrial e-fuels
- Creates additional licensing and royalty opportunity



# Ceres solid oxide flexibility for generating clean power and hydrogen



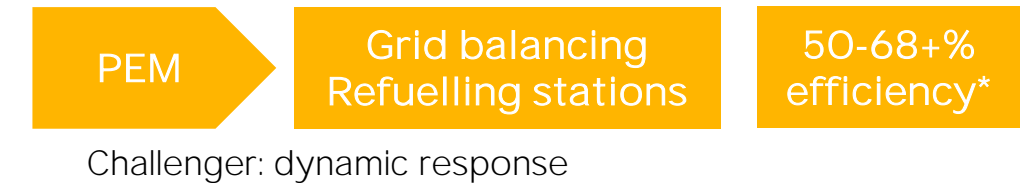
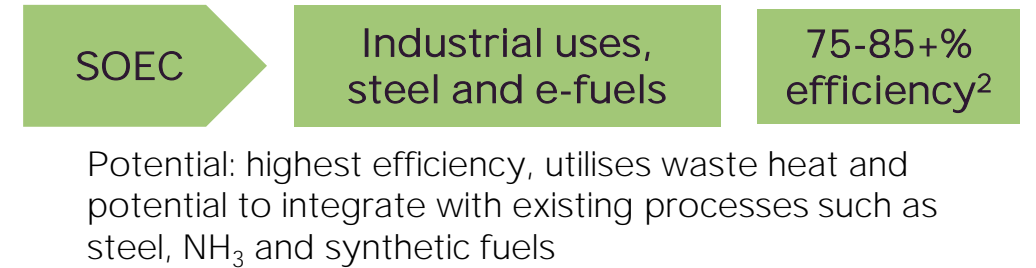
# Solid oxide electrolysis: high potential for industrial applications

SOEC is most efficient electrolyser technology

- Key differentiating factor as energy costs are majority of hydrogen costs today
- Potential to decarbonise industrial applications e.g., steel, ammonia production

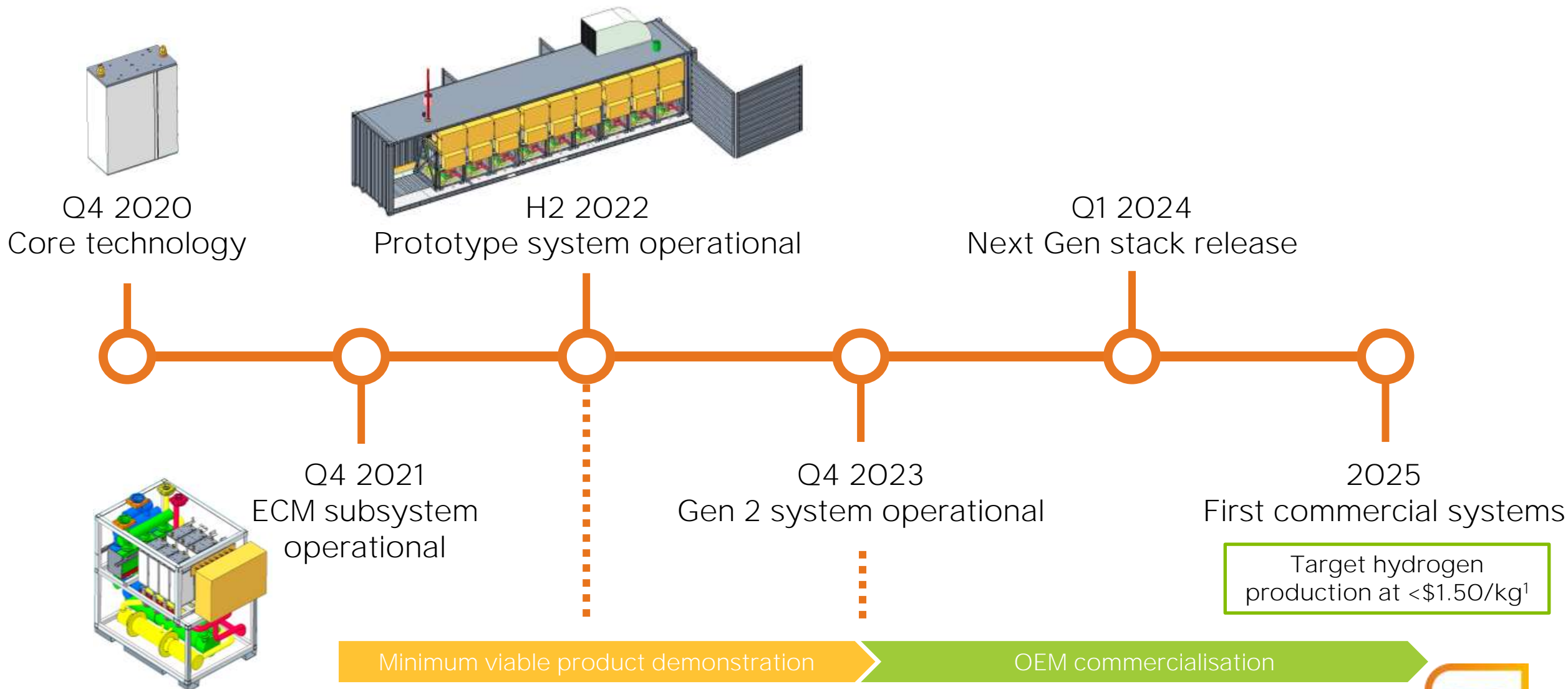
SteelCell® is a highly differentiated SOEC

- High efficiency (75-85+% depending on application)
- Enables lower cost SOEC systems
- Hydrogen target production at <\$1.50/kg<sup>1</sup> (on site)
- Mass manufacturable
  - Existing manufacturing partners could make SOEC SteelCells®
- Licensing business model differentiated from other SOEC companies





# Expected development timeline



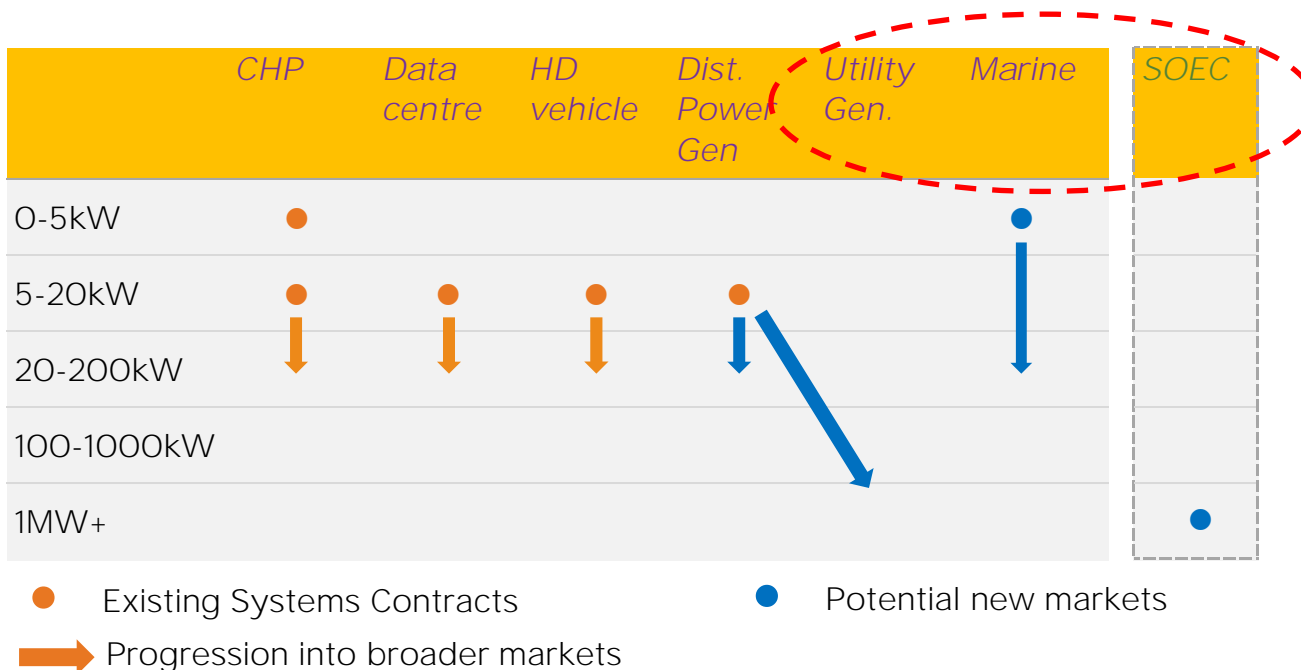
# Scaling the ecosystem into higher power and e-fuels

New applications drive demand for cell and stack production

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

Manufacturing for SOFC and SOEC

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

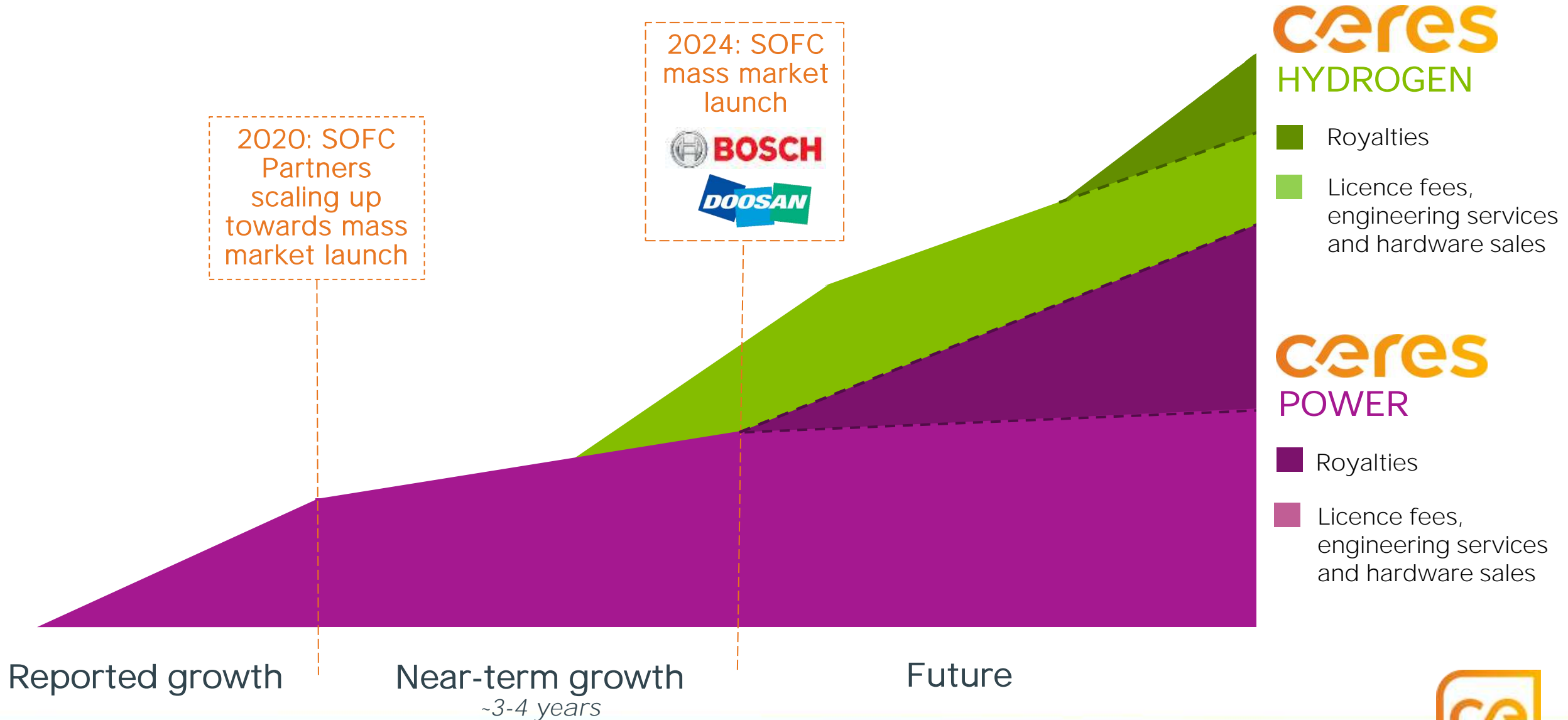


# Doosan announces marine system development with Hyundai

- Doosan has today announced an MOU with Korea Shipbuilding & Offshore Engineering, a shipbuilding division of Hyundai Heavy Industries, to jointly develop an SOFC system that provides cleaner power for ships
- System based on Ceres' proprietary SOFC stack technology
- Marine applications could represent a significant expansion of Doosan's SOFC business, with LNG and NH3 likely future fuels



# Building new licensing revenues from the same business model





# Summary and outlook

## Urgency for climate action continues to drive the global demand for clean energy technologies

- Strategy of licensing to global partners, with a leading position in their products and markets, continues to be highly successful
- Despite the disruption from Covid we have delivered a solid set of results, with continued revenue growth and sector leading margins
- Establishing technology as the industry standard in solid oxide, supported by continued commercial progress with world-class strategic partners
- Fundraising will consolidate position in SOFC and accelerate activity in key new areas such as electrolysis for green hydrogen and expansion of our power systems business into new applications and markets
- Planning to move up to the LSE Main Market Premium Listing by mid 2022

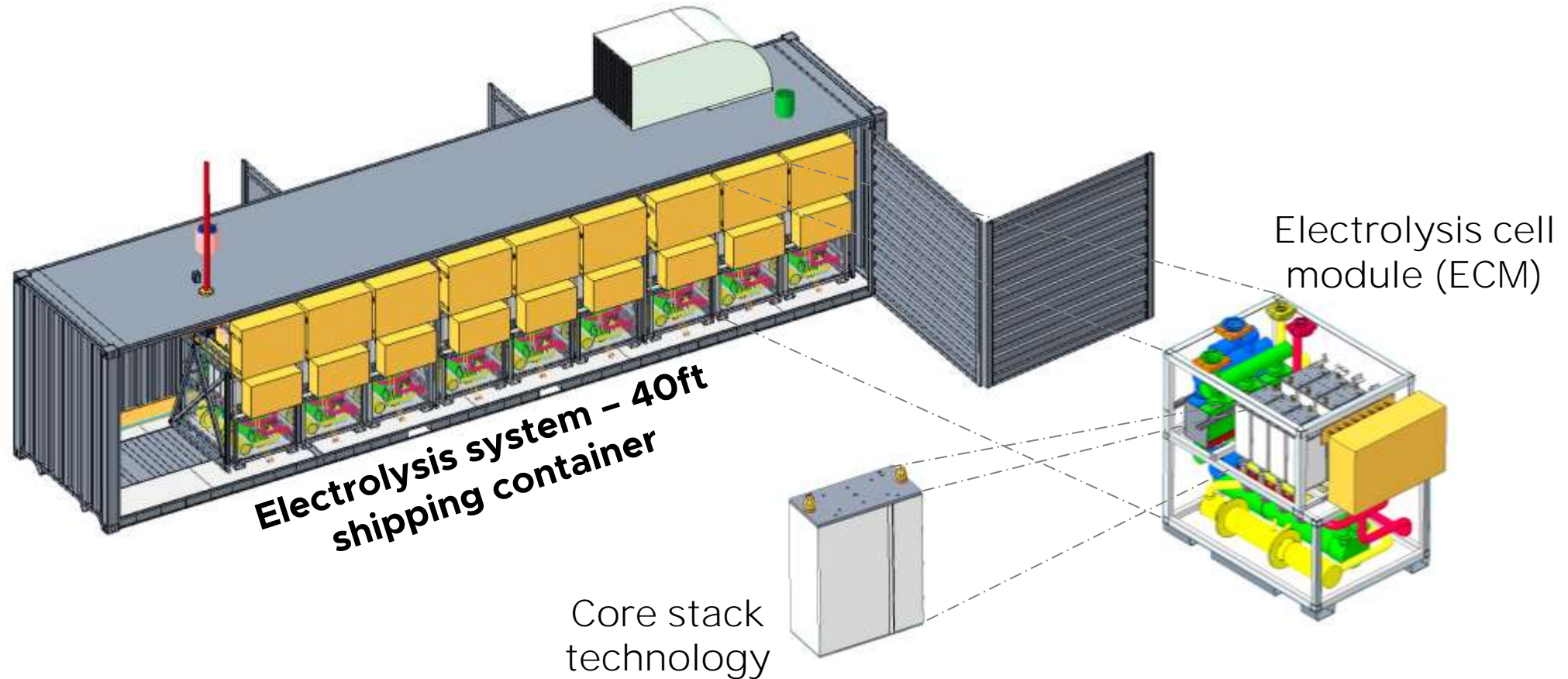
**High-margin clean energy technology business well positioned for growth**



# APPENDICES



# Ceres' Green Hydrogen programme



- Aiming to deliver operational megawatt-scale system by H2 2022
- Ongoing development to optimise technology and validate lifetime performance

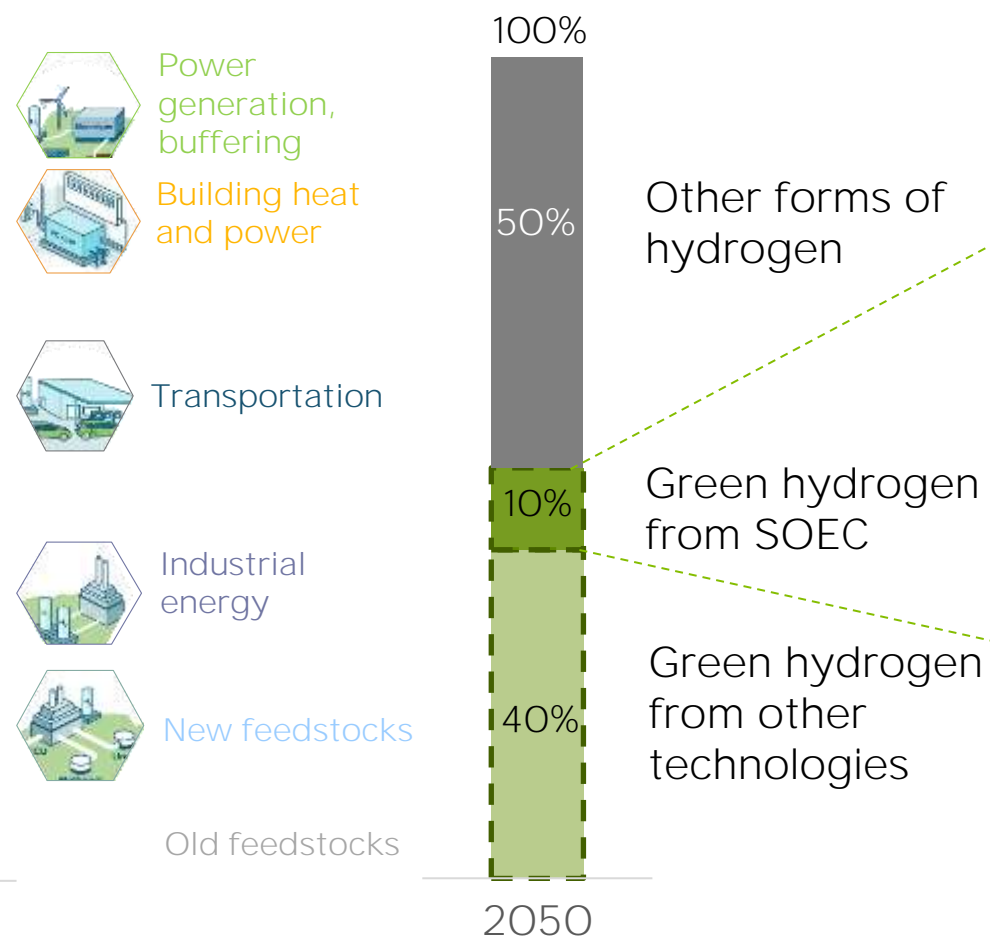
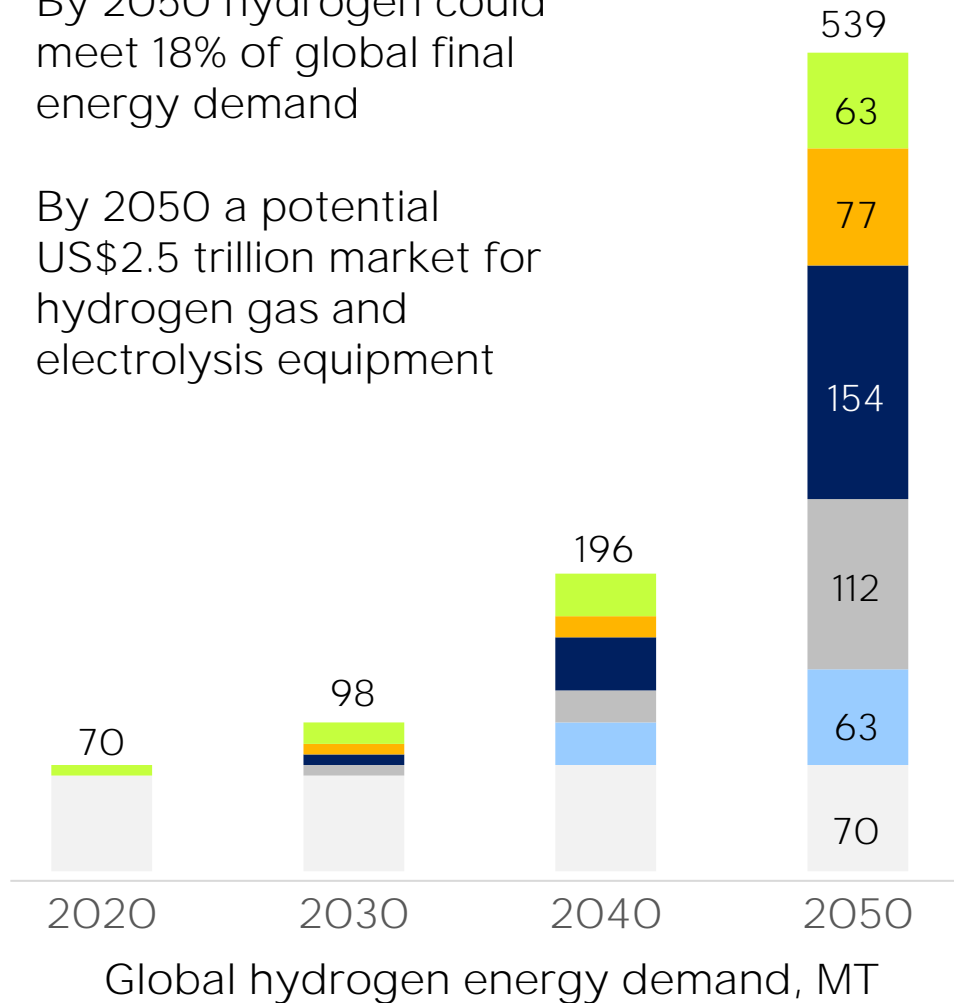




# Rapidly growing market for electrolysis to meet 2050 Targets

By 2050 hydrogen could meet 18% of global final energy demand

By 2050 a potential US\$2.5 trillion market for hydrogen gas and electrolysis equipment



**ceres**  
HYDROGEN

TAM: 50MT H<sub>2</sub>

US\$0.6–1.1 bn  
royalty  
opportunity





# P&L summary

	Statutory results		Proforma results	
	18 months ended 31-Dec-20 £'000	12 months ended 30-Jun-19 £'000	12 months ended 31-Dec-20 £'000	12 months ended 31-Dec-19 £'000
Revenue	31,682	15,300	21,671	17,199
Cost of sales	(10,355)	(3,804)	(7,085)	(5,612)
Gross profit	21,327	11,496	14,586	11,587
Other operating income	1,305	1,065	276	1,940
Operating costs	(40,266)	(20,485)	(29,650)	(21,311)
Operating loss	(17,634)	(7,924)	(14,788)	(7,784)
Finance income	989	552	698	670
Finance expense	(664)	-	(434)	(230)
Loss before taxation	(17,309)	(7,372)	(14,524)	(7,344)
Taxation credit	2,493	2,538	1,353	2,732
Loss for the financial year and total comprehensive loss	(14,816)	(4,834)	(13,171)	(4,612)



# Cashflow summary

	Statutory results		Proforma results	
	18m ended	12m ended	12m ended	12m ended
	31-Dec-20	30-Jun-19	31-Dec-20	31-Dec-19
	£'000	£'000	£'000	£'000
Loss before income tax	(17,309)	(7,372)	(14,524)	(7,344)
Adjustments (non-cash items)	5,941	1,504	4,732	1,906
Movements in working capital	3,084	664	5,075	(148)
Income tax received	2,460	2,146	2,460	2,146
<b>Net cash generated from / (used) in operating activities</b>	<b>(5,824)</b>	<b>(3,058)</b>	<b>(2,257)</b>	<b>(3,440)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(9,256)	(7,693)	(6,656)	(8,875)
Capitalised development expenditure	(3,795)	(1,288)	(2,719)	(2,293)
(Increase)/decrease in investment deposits	(13,531)	(63,700)	(37,231)	15,700
Finance income received	1,123	193	669	474
<b>Net cash used in investing activities</b>	<b>(25,459)</b>	<b>(72,488)</b>	<b>(45,937)</b>	<b>5,006</b>
<b>Financing activities</b>				
Net proceeds from issuance of ordinary shares	50,507	76,785	49,905	961
Cash received on behalf of employees on sale of share options	7,490	-	7,490	-
Repayment of lease liabilities	(523)	-	(389)	(134)
Finance interest paid	(664)	-	(434)	(230)
<b>Net cash generated from financing activities</b>	<b>56,810</b>	<b>76,785</b>	<b>56,572</b>	<b>597</b>
<b>Net increase in cash and cash equivalents</b>	<b>25,527</b>	<b>1,239</b>	<b>8,378</b>	<b>2,163</b>
Exchange losses on cash and cash equivalents	(139)	(67)	(29)	(254)
Cash and cash equivalents at beginning of year	7,567	6,395	24,606	22,697
<b>Cash and cash equivalents at end of year</b>	<b>32,955</b>	<b>7,567</b>	<b>32,955</b>	<b>24,606</b>
<b>Cash, cash equivalents and investments</b>	<b>110,186</b>	<b>64,606</b>	<b>110,186</b>	<b>64,606</b>



# Balance sheet summary

	31-Dec-20	30-Jun-19
	<u>£'000</u>	<u>£'000</u>
Non-current assets		
Property, plant and equipment	14,979	9,769
Right-of-use assets	3,971	-
Intangible assets	4,909	1,322
Long-term investments	8,000	-
Other receivables	741	741
Total non-current assets	<u>32,600</u>	<u>11,832</u>
Current assets		
Inventories	2,107	1,403
Contract assets	864	722
Other current assets	1,002	1,497
Derivative financial instruments	59	28
Current tax receivable	3,124	2,292
Trade and other receivables	5,570	4,204
Short-term investments	69,231	63,700
Cash and cash equivalents	<u>32,955</u>	<u>7,567</u>
Total current assets	<u>114,912</u>	<u>81,413</u>
Current liabilities		
Trade and other payables	(9,112)	(2,365)
Contract liabilities	(7,505)	(3,061)
Other current liabilities	(2,675)	(1,838)
Derivative financial instruments	(43)	(66)
Lease liabilities	(823)	-
Provisions	(612)	(158)
Total current liabilities	<u>(20,770)</u>	<u>(7,488)</u>
Net current assets	<u>94,142</u>	<u>73,925</u>
Non-current liabilities		
Other non-current liabilities	-	(323)
Lease liabilities	(3,622)	-
Provisions	(1,610)	(992)
Total non-current liabilities	<u>(5,232)</u>	<u>(1,315)</u>
Net assets	<u><u>121,510</u></u>	<u><u>84,442</u></u>





ceres

THANK YOU

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