



ceres

Interim results

For the six months ended 30 June 2023
Ceres Power Holdings plc

28 September 2023

Strong operational and strategic momentum

- Bosch and Doosan progressing towards start of production, with Bosch receiving €160m of IPCEI funding
- Electrolysis testing surpassing expectations. Collaboration for SOEC signed with Linde Engineering and Bosch
- In active discussions with a growing pipeline of potential licence partners. Strengthened global commercial footprint
- Second generation stacks have passed critical design review offering improvements in performance and cost for partners
- Achieved FTSE 250 indexation following the move from AIM to the Main Market



Weichai collaboration and China JV

- Continued delay of signing the China JVs with Bosch and Weichai, means we do not expect associated revenue to be recognised this year
- Development of 120kW SOFC power system continues with testing at several sites

Weichai appoints new Board Director

Dr. Nannan Sun, Assistant President of Weichai Power said: *“I am pleased to join the Ceres Board as the Weichai representative as we enter the next phase of our partnership. Together we have the potential to harness the power of this revolutionary solid oxide technology to build a more sustainable future.”*





Financial update

Eric Lakin

Financial overview

For the six months ended 30 June 2023

Revenue

£11.3m

up 17% vs H1 2022

Gross margin

61%

H1 2022: 49%¹

Cash and short-term investments

£161.2m

Dec 2022: £182.3m

Employees

586

Dec 2022: 570

Gross profit

£6.9m

H1 2022: £4.7m

Adjusted EBITDA

(£23.8m)

H1 2022: (£20.8m)

Order backlog²

£61.1m

Dec 2022: £67.8m

Planned partner capacity

250MW

1. H1 2022 gross margin restated (previously 55%) to reflect the classification of the RDEC tax credit within other operating income rather than offsetting cost of sales
2. Contracted order book (does not include future royalty revenue)

Revenue and gross profit

Sector leading gross margins maintained

- Top line growth and margins highly influenced by the timing of licence fee revenue recognition

Revenue and gross profit

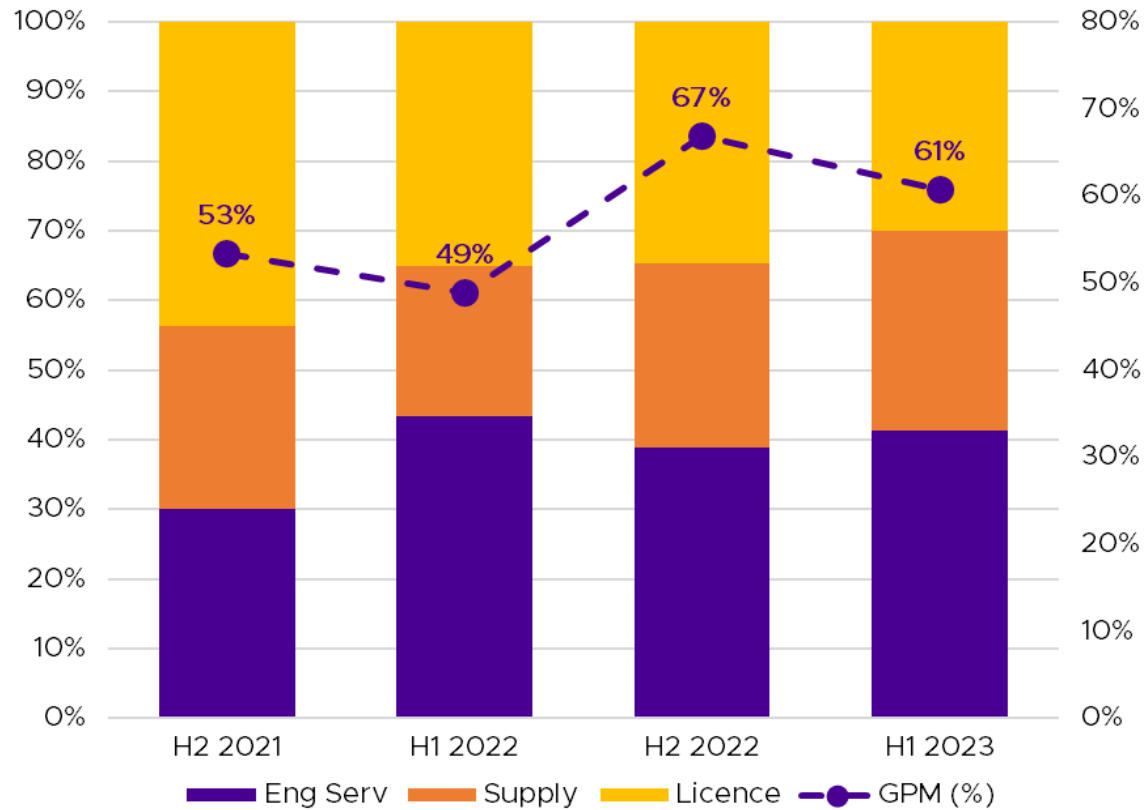
£m



Revenue mix evolution

Revenue mix and gross margin

%

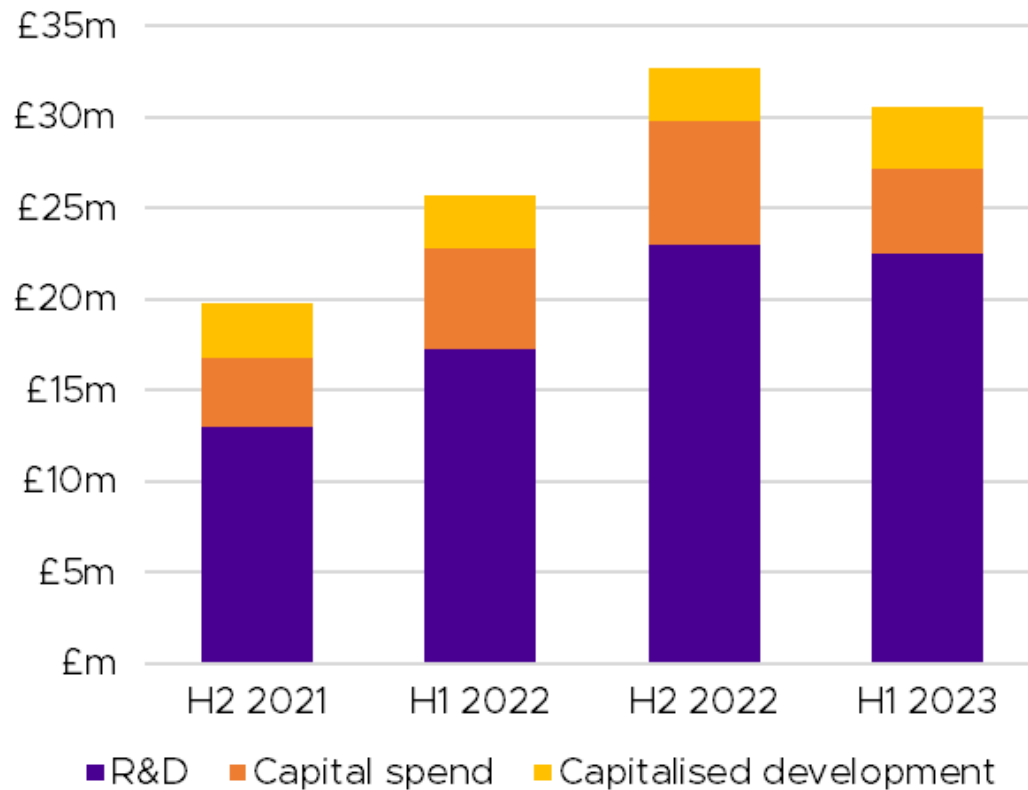


- Licence fee revenue – very high margin (can be recognised up-front or over time)
- Supply – represents prototype technology (cells and stacks) to partners for development
- Engineering services – joint development and collaboration with partners across multiple applications
- Royalties – longer term, high margin revenue stream from partners based on partner commercial sales (material royalties expected from 2025)

Planned investment on track

Investment in the future

£m



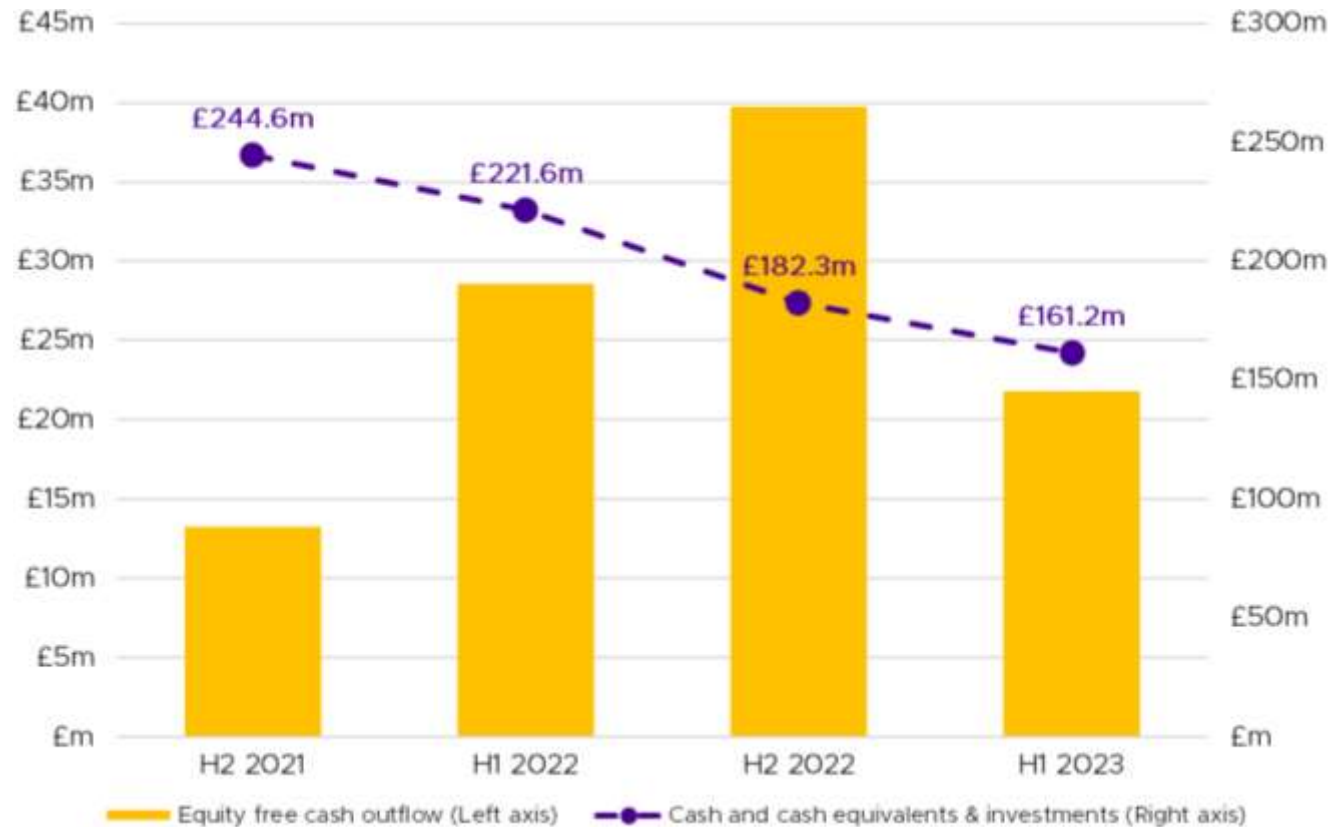
* R&D spend before depreciation, amortisation and share based payments.

- Total “Investment in the future” increased to £30.6m (H1 2022 £25.7m) driven largely by growth in SOEC R&D, and investment in SOFC capability
- Capital investment in 2023 to further enhance pilot manufacturing and testing capacity and capability

Reduced cash outflows in 2023

Free cash flow (plus cash and short-term investments)

£m

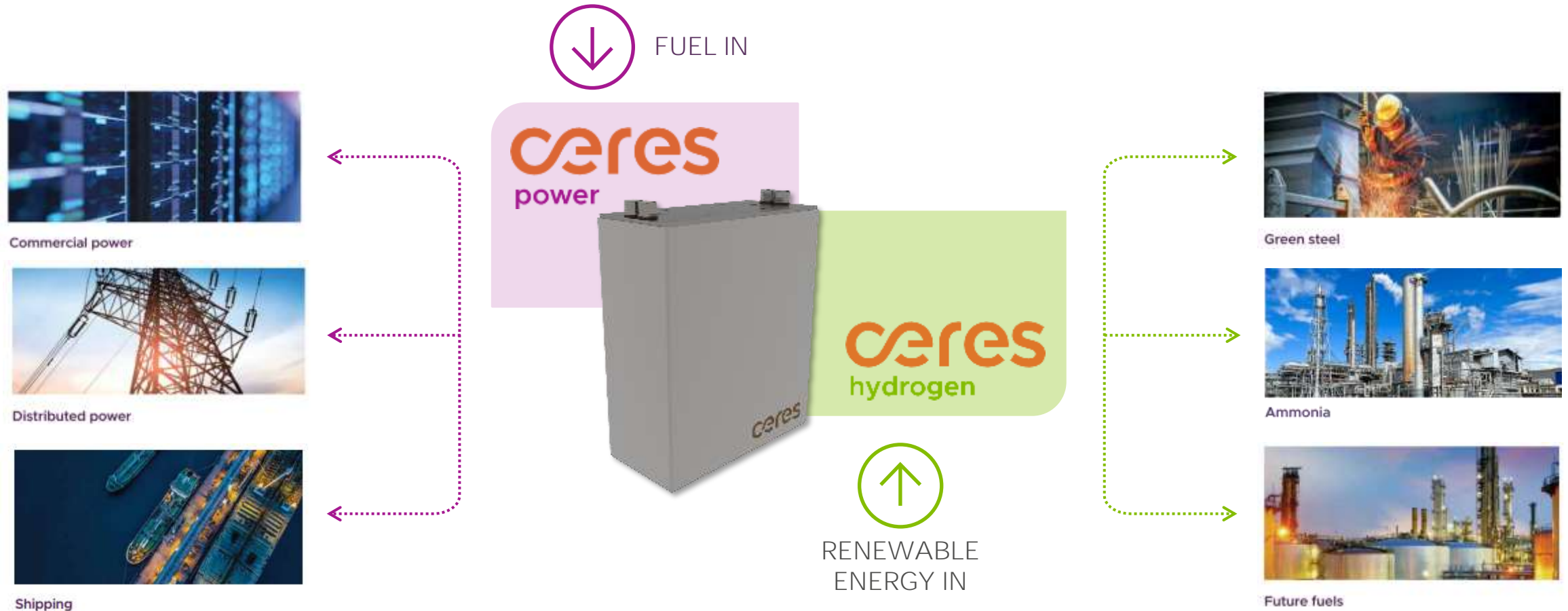


- On track for reduced cash outflows in 2023 compared to 2022, in line with plan (H2 cash outflow expected to be higher than H1 2023 but lower than H2 2022)
- Interest income (on an accruals basis) increased to £2.8m in the first six months of the year (H1 2022: £0.7m)

Business strategy

Phil Caldwell

Platform technology to address significant global markets



Strategy for future growth

<p>To enable our licence partners to succeed</p>	<ul style="list-style-type: none">• Doosan and Bosch moving towards start of series production• Bosch has received €160m of European funding towards SOFC scale up
<p>To build commercial scale</p>	<ul style="list-style-type: none">• Demonstrations progressing well with Shell, and with Bosch and Linde Engineering• Building engagement through the hydrogen value chain
<p>Maintain technology leadership</p>	<ul style="list-style-type: none">• Developing the next generation of stack technology to meet growing interest in fuel cells and to support our partners as they scale• Continued innovation of IP for both fuel cell and electrolyser systems

Doosan's 50MW factory nearing completion

- All machinery and processes have undergone factory acceptance testing
- Installation on site is underway, and commissioning is on schedule for completion in H2 2024

Product development for new markets

Doosan has secured a domestic supply chain and laid the foundations for growth beyond the 10kW system into higher power applications.

Doosan is developing fuel cells for vessels based on SOFC power generation in consortium with Shell and Korea Shipbuilding & Offshore Engineering.



Bosch receives €160m of funding for SOFC power units

- Funding for the mass production and series ramp-up of the solid oxide fuel cell under the EU's IPCEI Hydrogen Program
- Plug-and-play offering developed, combining several units to create 100kW systems that can be scaled to suit decentralised energy requirements

Recent deployments

Publicly funded project using 100kW of SOFC for electricity and heat at Erkelenz hospital in Germany.

Initiating a pilot project with HUB Security to integrate SOFC technology into holistic data centre solutions.



Collaboration with Bosch and Linde Engineering

- Assessment of Ceres' solid oxide electrolysis (SOEC) technology for large scale industrial applications
- Validate performance of a high-efficiency pathway to low-cost green hydrogen
- Two-year demonstration of a 1MW SOEC system, starting in 2024 at Bosch's site in Stuttgart, Germany

Three-way collaboration

Bosch has significant expertise in product industrialisation and mass manufacturing.

Linde Engineering has world-leading capabilities in hydrogen process technology and a global customer footprint in industrial facilities.

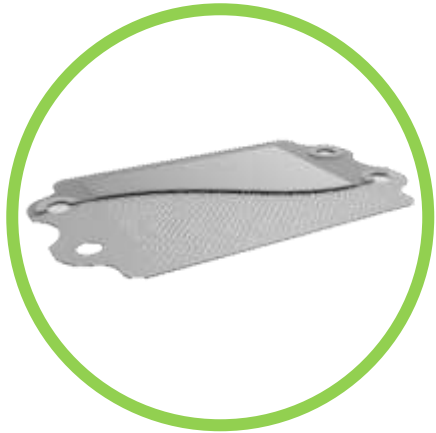


MW-class SOEC system installed at test site in Germany



Modular scale-up concept

Cell
30-150W



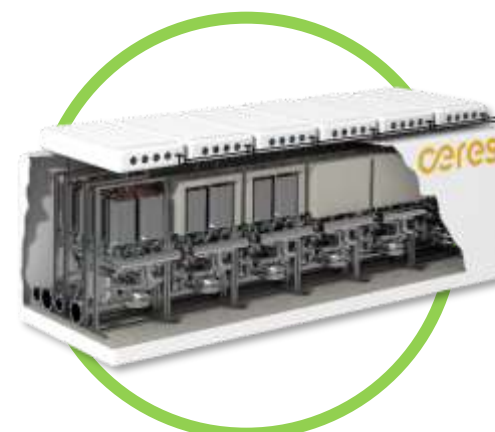
Stack
10-50 kW



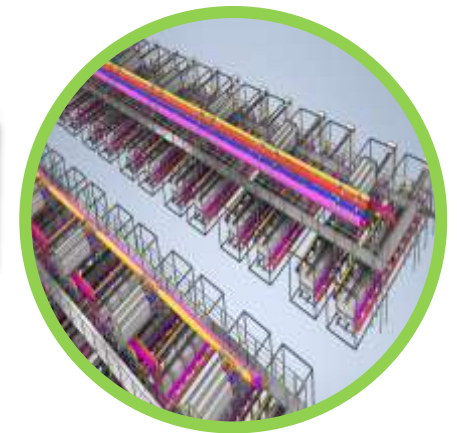
Stack array
100-500 kW



Module
1-5 MW



Plant
100MW-GW



Industrial de-carbonisation of green steel, green ammonia, e-fuels. Chemicals, oil and gas.

Engagement through the hydrogen value chain



Outlook and focus for the year ahead

- Bosch and Doosan progressing towards start of production
- Demonstrator programmes for green hydrogen on track with Shell, and with Bosch and Linde Engineering
- Full-year revenue growth subject to the timing of securing new licence partners
- Growing pipeline of interest for power and electrolysis applications
- Work underway on next scale of modularisation to address gigawatt scale green hydrogen opportunities

Questions

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