FINAL RESULTS
For the year ended
30 June 2016
Our vision

“A fuel cell in every home and business”
Opportunity

Global opportunity
• high growth multi $bn distributed generation fuel cell market
• highly scalable business - OEM partner & licensing technology

Partnering with leading global companies across multiple markets - Honda and Nissan and Cummins
- residential, datacentre, commercial and transport

World leading developer of low cost, next generation fuel cell technology
• reduces operating costs, lowers CO2 emissions, increases efficiency, improves energy security
Our next generation SteelCell

- £100m investment to date
- 47 patent families
- Unique British technology
Commercial highlights

Jan ‘16
- Honda Power Systems - several applications
- Joint stack development

Jun ’16
- SOFC stack to extend range of electric vehicles
- £0.6m with Innovate UK

Sep ’16
- Residential Field trials in UK to begin in Sept ‘16
- Shows technology maturity & UK opportunity
- €0.6m - part of European ene.field programme

Sep ’16
- Datacentre & commercial scale opportunity
- Development of multi kW modular system
- Markets up to 100kW
- US$2.6m with US DoE
Highlights (cont.)

Financial

• £20m equity raised in October ‘16 secures financial strength

Technology

• Release of V3 and V4 technologies to customers
• High speed print line commissioned
  • 10x reduction in process time
• Multi kW demonstration system built
  • > 55% net efficiency – enables new power-only market applications
Next year - key activities and outlook

• Mature 1kW residential offering through field trialling in 2017 and secure system development with OEM partners
• Develop multi kW offering and capability to open new markets
• Complete the scale-up of all major manufacturing process steps for manufacturing partners

With the aim to secure

• 5 global development partners by end of 2017; and
• at least 2 partners in commercial launch programmes by end 2018
## Financial highlights – income statement

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>FY 2016</th>
<th>FY 2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and other operating income</td>
<td></td>
<td>1.7</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>- Revenue</td>
<td></td>
<td>1.1</td>
<td>0.3</td>
<td>0.8</td>
</tr>
<tr>
<td>- Other operating income</td>
<td></td>
<td>0.6</td>
<td>0.6</td>
<td>-</td>
</tr>
<tr>
<td>CoS and operating costs</td>
<td></td>
<td>(14.3)</td>
<td>(12.7)</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Operating loss</td>
<td></td>
<td>(12.9)</td>
<td>(11.7)</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Income tax credit</td>
<td></td>
<td>2.2</td>
<td>1.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Loss for the financial period</td>
<td></td>
<td>(10.5)</td>
<td>(10.0)</td>
<td>(0.5)</td>
</tr>
</tbody>
</table>

Revenue increase reflects increased commercial activity
Recent contracts signed contribute towards 2017 order book
Operating costs increase as planned
# Financial highlights – cash flow

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>FY 2016</th>
<th>FY 2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flows</td>
<td>(10.6)</td>
<td>(9.7)</td>
<td>(0.9)</td>
<td></td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>(1.2)</td>
<td>0.5</td>
<td>(1.7)</td>
<td></td>
</tr>
<tr>
<td><strong>Cash used in operations</strong></td>
<td>(11.8)</td>
<td>(9.2)</td>
<td>(2.6)</td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(1.3)</td>
<td>(1.2)</td>
<td>(0.1)</td>
<td></td>
</tr>
<tr>
<td>Tax received in the period</td>
<td>1.7</td>
<td>1.2</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td><strong>Equity-free cash outflow</strong></td>
<td>(11.3)</td>
<td>(9.1)</td>
<td>(2.2)</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash &amp; financial assets</strong></td>
<td>6.9</td>
<td>18.2</td>
<td>(11.3)</td>
<td></td>
</tr>
</tbody>
</table>

**Increasing cash outflows due to**

- Building team to support customers & development
- Working capital movements including deferred revenue release

1 Change in net cash and cash equivalents and short-term investments, excluding cash flows from financing activities
A new energy system

- Huge challenge as energy system converges
- Transport, heat, power and data
Centralised power
- Ageing infrastructure
- Rising energy costs
- 30-40% efficiency

Distributed power
- Cheaper energy bills 30%
- Power 50% efficiency
  + heat 90%
- $200Bn Market 2020
- $40Bn Fuel Cell 2022
SteelCell Applications

Commercial

Data Centers

Electric vehicles

Residential
Home/Business

- Distributed generation using fuel cells is the most efficient fuel to power
  - 30% lower energy costs
  - 30% lower carbon
  - 18 million homes

1kW system
Field testing started Sept ‘16

CeresPower

13
Japanese microCHP opportunity for SteelCell

CUMULATIVE UNITS (000's)

2009 2010 2011 2012 2013 2014

ACTUALS

5k 12k 25k 50k 85k 135k

2020 2030

TARGETS

1 million 5 million
Data Centres

- Fuel Cells provide primary power
- Grid backup is secondary
- Eliminates diesel ~ Zero emissions ~ >1% of global energy and growing

Multi kW system
Development started Q3 2016
We are working with

HONDA  NISSAN

Cummins  Power Generation

British Gas

+ other partners under confidentiality agreements
So why is SteelCell the solution?

<table>
<thead>
<tr>
<th>Feature</th>
<th>PEM cell</th>
<th>SOFC cell</th>
<th>SteelCell</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Efficiency</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Robustness</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Fuel flexibility</td>
<td>✓</td>
<td></td>
<td>✓</td>
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</tbody>
</table>
SteelCell benchmark results

Highest efficiency 700W system

Target

Efficiency % LHV


SOFC

PEM

SteelGen
SteelCell benchmark results

Continuous SteelCell technology improvement

<table>
<thead>
<tr>
<th>Year</th>
<th>Released to Customers</th>
<th>Development Targets</th>
<th>Target</th>
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<tbody>
<tr>
<td>2012</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>15</td>
<td></td>
<td></td>
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<tr>
<td>2016</td>
<td>20</td>
<td></td>
<td></td>
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<tr>
<td>2018</td>
<td>25</td>
<td></td>
<td></td>
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<tr>
<td>2020</td>
<td>30</td>
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Cell power at 0.75 V/cell on H2/N2 fuel
Our offering

Established Companies e.g. Honda

SteelCell Supply & License

New Market Entrants e.g. Cummins

Development: Engineering services, Systems Licensing, SteelCell supply
Over $1Bn/yr global opportunity

Possible annual royalty revenues

<table>
<thead>
<tr>
<th>REGION</th>
<th>APPLICATION</th>
<th>&gt;10 GW RESIDENTIAL</th>
<th>&gt;5 GW DATA CENTRE / BACK UP</th>
<th>&gt;10 GW COMMERCIAL</th>
<th>&gt;10 GW APU / RANGE EXTENDER</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAPAN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>KOREA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>EUROPE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA &amp; RoW</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>$490m</td>
<td>$245m</td>
<td>$490m</td>
<td>$245m</td>
</tr>
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</table>

20% market share at US$200 / kW
## Commercial progress

<table>
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<tr>
<th>REGION</th>
<th>APPLICATION</th>
<th>JAPAN</th>
<th>KOREA</th>
<th>EUROPE</th>
<th>USA &amp; RoW</th>
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<tr>
<td></td>
<td>&gt; 10 GW RESIDENTIAL</td>
<td>Japanese Global OEM</td>
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<td></td>
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<td>Japanese Global OEM</td>
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</tr>
<tr>
<td></td>
<td>&gt; 10 GW COMMERCIAL</td>
<td>Pipeline Partner</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; 10 GW APU / RANGE EXTENDER</td>
<td>NISSAN</td>
<td></td>
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</table>

- Pipeline Partner
- Cummins
- Customers

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**CeresPower**
## Commercial progress

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<thead>
<tr>
<th>REGION</th>
<th>APPLICATION</th>
<th>&gt;10 GW</th>
<th>&gt;5 GW</th>
<th>&gt;10 GW</th>
<th>&gt;10 GW</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAPAN</td>
<td>RESIDENTIAL</td>
<td></td>
<td></td>
<td></td>
<td>Appliance / Range Extender</td>
</tr>
<tr>
<td>KOREA</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>EUROPE</td>
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<td></td>
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</tr>
<tr>
<td>USA &amp; RoW</td>
<td></td>
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</table>

- **Customers**

### Increasing Applications

- **Increasing Territories**

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*Note: The table above illustrates the commercial progress of various applications across different regions, highlighting significant growth in specific regions and applications.*
We have strong institutional backing
Outlook

- 5 global partners by end of 2017
- at least 2 partners in commercial launch programmes by end 2018
- Target new applications & open commercial markets
- Multi billion $ market opportunity happening now
A microCHP product would deliver...

Carbon
- 1200kg saving/year
- Hot Water is carbon free

Energy
- All hot water
- >80% household electricity

Economics
- 30% savings before
Electric Vehicle Range Extender

**Users**
- No lengthy charging needed
- Maximise operation of fleet
- Same range as a normal vehicle

**Energy**
- Lower carbon than pure Battery Vehicles

**Infrastructure**
- No need to wait for a hydrogen infrastructure
- Faster deployment, more markets
Manufacturing supply capability

- Capacity: 30,000 SteelCells\(^1\) per year
- Scale with local manufacturing partners

\(^1\) Equivalent to \(~300\) 1kW stacks