clean energy starts with

ceres®

Annual Report and Accounts 2024

A leading developer of clean energy technology helping the world to decarbonise at scale and pace

Clean energy starts with...

Technology

Ceres is a leading developer of clean energy technology: fuel cells for power generation and electrolysers for green hydrogen.

Read more on page **12**

Partners

Through its partners, Ceres can scale and deploy its technology across sectors to support global decarbonisation.

Read more on page **16**

Sustainability

Our ambition is to build a sustainable business and make a positive impact on our people, communities, partners and planet.

Read more on page **18**

Overview

Strategic highlights

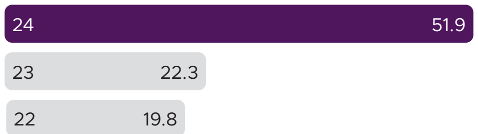
- **Taiwan – Delta progressing towards manufacturing.** Our first licensee for both solid oxide fuel cell and solid oxide electrolyser cell technology, Delta is evaluating factory designs, targeting the growing data centre and industrial hydrogen markets.
- **Japan – Denso completed upfront technology transfer.** Ceres has successfully completed the upfront technology transfer to Denso Corporation following its licence agreement in July.
- **India – SOEC commercialisation with Thermax underway.** Using Ceres' intellectual property, Thermax has begun developing assembly facility layouts under its systems licence, accelerating market entry.
- **South Korea – Doosan SOFC production on track.** Doosan factory commissioning of solid oxide fuel cell ("SOFC") cell and stack production is progressing towards commercial launch and first royalties, which are expected in H2 2025.
- **Pressurised electrolyser module design complete.** We have completed the design of our commercial-scale, pressurised solid oxide electrolyser cell ("SOEC") stack array module ("SAM"), which offers a compelling scalable system to partners for industrial applications.
- **Business restructuring and cost optimisation.** Restructuring completed in the second half of the year, which will reduce the cost base from 2025.

Read more on page **8**

Financial highlights

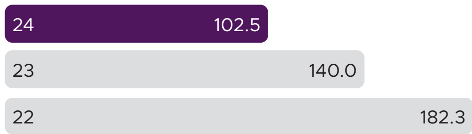
Revenue

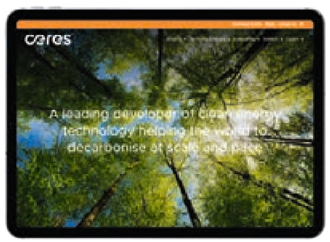
£51.9m



Cash, cash equivalents and short-term investments

£102.5m





Read more on our website

www.ceres.tech

Sustainability credentials

In this report

Strategic report

Corporate governance

Financial statements

Strategic roadmap

Driving innovation for global decarbonisation

Purpose

Clean energy for a clean world. Our ultimate purpose is to help sustain a clean, green planet by ensuring there is clean energy everywhere in the world

Positioning

We pioneer advanced technologies and embed them in our partners' companies to meet their strategic imperative to transform to clean energy

Read more on page 16

Goal

Secure new licence partners, targeting a leading market share of the global solid oxide industry

Read more on page 8

Strategy

Licensing technology leadership

Commercial acceleration

Execution at pace

Read more on page 33

Stakeholders

We are committed to providing stakeholders with strong disclosure and transparency across all aspects of our business

Read more on page 27

Our values

We commit wholeheartedly

We are creative collaborators

We pioneer with precision

Ceres' investment case

Compelling reasons to invest

Our investment case is built on three pillars, which combine to create long-term value for shareholders. Our best-in-class technology enables us to execute a licensing model. Using our intellectual property ("IP") and trade secrets, we accelerate our partners' entry into global decarbonisation opportunities. As we build a portfolio of manufacturing partnerships, our asset-light business model underpins our strong financial position.

Leading solid oxide platform technology

Over the last two decades, Ceres has established best-in-class lower temperature solid oxide technology for both power generation and green hydrogen production at leading rates of efficiency. Developed by one of the strongest teams of scientists and engineers in solid oxide globally, in power mode our solid oxide fuel cells ("SOFC") can produce electricity at efficiencies above 90% when heat is also captured for use. This makes it a valuable alternative for the data centre, commercial and distributed power sectors. In electrolysis mode, our solid oxide electrolyser cell ("SOEC") modules produce hydrogen at 37kWh/kg, the most efficient rate currently available, providing the market with one of the few viable ways to decarbonise hard-to-abate industrial sectors.

Read more about our technology on page **12**

Strong commercial value proposition

Ceres has sharpened its commercial focus, achieving a record number of partnership agreements in the last financial year. Our IP, manufacturing knowledge and trade secrets are fully protected, allowing us to pursue an asset-light licensing model. We have become the technology of choice for global manufacturing partners because they gain rapid access to next-generation decarbonisation technology and the expertise to establish their manufacturing infrastructure. This in turn creates new commercial opportunities for them in the evolving power and hydrogen markets and allows them to move at pace. With continued commercial success and technology innovation, Ceres aims to expand its partnerships globally to deploy its technology at scale and pace.

Read more about our commercial value proposition on page **32**

Robust financial discipline

Our technology development and commercial activities are underpinned by continued prudent financial management of the business. We have passed peak cash investment in the business and have optimised our cost base. Executing an asset-light business model, we end the year with a strong balance sheet, underpinned by a healthy position of cash and cash equivalents. With initial royalty revenues from our SOFC manufacturing partner Doosan anticipated towards the end of 2025, we remain well financed as we progress along the path to profitability.

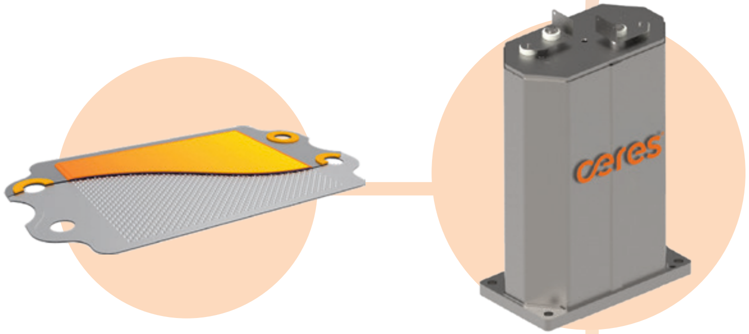
Read more about our financial position on page **35**

At a glance

Ceres' technology commercialised through global partnerships

Ceres' core cell is made with low-cost materials: a ceria ceramic electrolyte and a stainless steel substrate and interconnect. The cells are stacked into our highly differentiated stack technology platform with distinct advantages in robustness, efficiency and cost. Our stacks are integrated into modular systems for scaled deployment of our technology for power generation and hydrogen production.

Our scalable technology



Cell
30–50W

Stack
10–50kW

ceres power

100MW – GW

DOOSAN

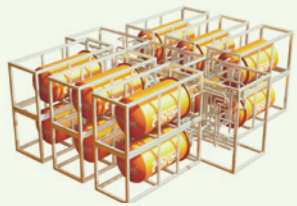
WEICHAI

DELTA

ceres hydrogen

100MW – GW

SOEC modules



DELTA DENSO THERMAX

Hydrogen plant

5 partners
(2023: 3)

3 factories
being established globally

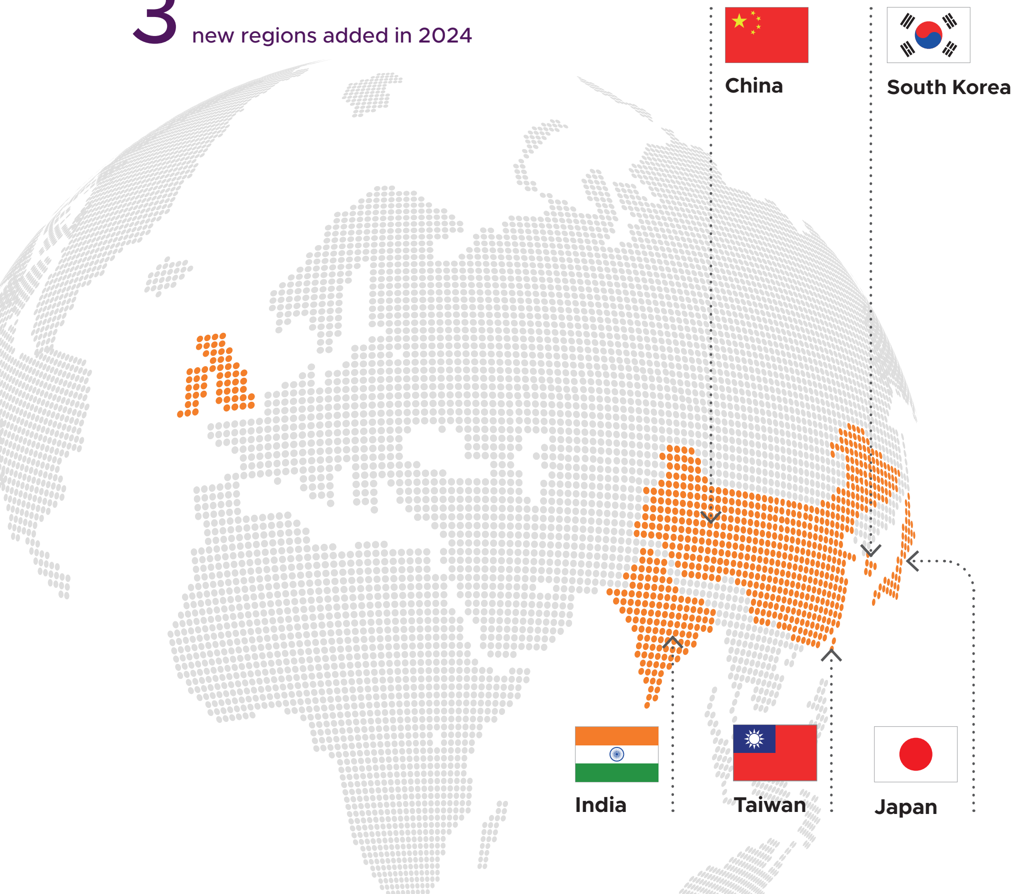
£112.8m
record order intake in 2024

Ceres partners in key energy transition markets

Ceres is present in regions where progressive government-backed incentives and funding mechanisms are addressing the urgent need to decarbonise society. These incentives support the growing confidence of partners who wish to adopt new zero and low-carbon technologies and accelerate towards mass manufacturing.

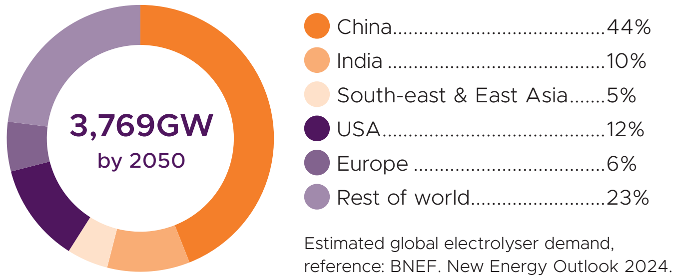
Global reach through our partners

3 new regions added in 2024



SOEC market opportunities

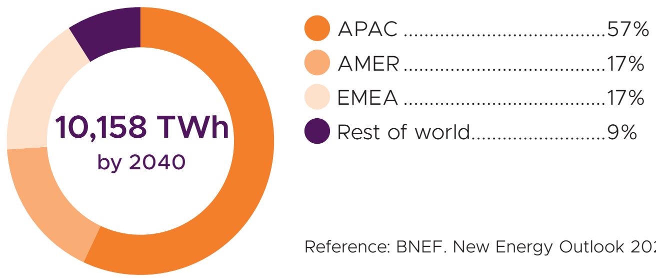
Ceres positioned in key growth regions for SOEC



Estimated global electrolyser demand, reference: BNEF. New Energy Outlook 2024.

SOFC market opportunities

Ceres' current partners align with key Asian markets



Reference: BNEF. New Energy Outlook 2024.

Chair's statement

Building commercial resilience

"This year was pivotal for Ceres as commercial success expanded the global footprint of our partnerships. By enabling partners to advance towards production, Ceres continues to play a critical role in driving global decarbonisation and supporting a sustainable energy transition."

Warren Finegold
Chair of the Board

Highlights

- Record revenue and order intake in the year
- New manufacturing partnership agreements for both fuel cells and electrolyser cells
- New market opportunities in AI-driven data centres
- Cost base restructured and optimised for commercial delivery
- Appointment of new CFO and Executive Committee positions to take the business forward

Dear Shareholders,

2024 was a transformative year for both Ceres and the world at large. With 26 elections globally[1], including the UK, there has been a significant shift in global leadership. While in some countries this has resulted in a slowing of the transition to clean energy, the long-term trend is irreversible. Climate change and the increasingly frequent extreme weather events it produces are the major drivers, but the growing demand for power and the need for energy security will also provide a powerful impetus for the adoption of new clean energy technologies. With our extensive intellectual property portfolio in power generation and green hydrogen production technologies, Ceres is well positioned to play an integral role in enabling the energy transition.

Record performance and strategic milestones

I am proud to report that 2024 was a record-breaking year for Ceres in spite of an extended period of industry uncertainty in the wake of high fuel costs, rising inflation and elevated interest rates. While market sentiment has yet to reflect fully the opportunities arising from the energy transition, Ceres continues to focus on our three-pronged strategy of technology leadership, commercial acceleration and execution at pace.

On the technology front, we achieved key milestones during the period to enhance our leadership in the lower temperature solid oxide space. As well as the design of our first 100MW electrolyser plant, we have begun the development of a first pressurised module to facilitate integration into industrial applications, which are expected to be approximately 50% of hydrogen use cases by 2050[2].

Our commercial acceleration secured three new partnerships, two manufacturing licences and one systems licence, across three geographies during the year, demonstrating the growing global demand for our technology. These successes underscore the strategic decision to invest in the development of our solid oxide electrolysis cell technology, now validated through commercial partnerships within just three years of conception, indicative of our licensing technology leadership.

By building our partnerships across global geographies, we are able to take advantage of each region's key attractions, such as Taiwan's precision mass manufacturing, Japan's policy support and India's hydrogen economy goals, to drive decarbonisation at scale and pace.

This success was tempered by the announcement after the year end by Bosch that its operations relating to the industrialisation and preparation for production of decentralised power supply systems based on solid oxide fuel cells will be discontinued. Furthermore, Bosch will treat its minority interest in Ceres as a non-core financial investment. This disappointing news was prompted by a change in strategic focus at Bosch and not a reflection of its confidence in our management team or our technology.

We continue to concentrate on our core strategy in spite of industry uncertainties. As energy demand gathers pace globally and electricity grids face increasing strain, our SOFCs can address these challenges. For example, the rising power needs of data centres are driven by growth in processing power required for artificial intelligence ("AI") applications[2]. Meanwhile, many countries are transitioning away from coal towards natural gas as an intermediary fuel in the journey towards green hydrogen. The fuel-flexible nature of Ceres' fuel cells is a no-regrets solution for low-carbon, secure power generation while remaining compatible with future carbon-free fuels such as hydrogen and ammonia.

Positioning Ceres for the future

In the last few years we have made significant technological progress through prudent investment in research and development ("R&D") here in the UK, particularly in our electrolyser technology. This investment peaked last year and we are now focused on our core product offering and commercialisation with partners. This allowed us to restructure the business to optimise our cost base for commercial delivery. By being responsible with capital, Ceres can maintain its competitive advantage and meet the needs of our partners, whilst also maintaining a strong financial footing.

Strengthening our management team

During the year we also welcomed Stuart Paynter as Chief Financial Officer and Filip Smeets as Chief Commercial Officer. Stuart brings extensive financial and commercial experience across a range of advanced technology sectors, as well as a strong capital markets, UK governance and transformation delivery track record. Filip is a seasoned commercial leader with over 20 years of global experience in clean tech and chemical industries, most recently as Senior Vice President at Nel Hydrogen. In the period we also appointed Nick Lawrence to the newly created role of Chief Product Officer to oversee the integration of our technology into real-world applications.

Sustainability

Ceres' technology is designed to capture the high efficiency of solid oxide technology with an environmental and economic design. We approach sustainability with a keen awareness of both our own operations and those of our partners as they scale production. To ensure accountability of our operations, we have committed to the Science Based Targets Initiative with near-term targets to reduce our Scope 1 and 2 greenhouse gas ("GHG") emissions and Scope 3 emissions intensity by 2030.

Ceres aims to keep pace with the sustainability reporting landscape as it continues to evolve and mature. We recently integrated the recommendations of the Transition Plan Taskforce ("TPT") framework into our Sustainability Report. Published in 2023 with strong support from the Financial Conduct Authority, the TPT aims to enhance the robustness of climate strategies. We strive to maintain clear and transparent communication around our sustainability strategy and to continually improve, commensurate with the size of our business and our team.

My sincere thanks go to Eric Lakin, our former CFO, Tony Cochrane, our former CCO, and Deborah Grimason, our outgoing General Counsel, for their contributions towards our record year. I would also like to thank Uwe Glock for his support as our representative of Bosch on our Board. We wish them each every success for the future.

Thank you

While we celebrate our achievements in 2024, we remain focused on the future. As our partners progress towards mass manufacturing from 2025 onwards, we enter an exciting new phase of growth. I would like to thank Phil, his management team and all our employees for their hard work in delivering a very successful year against a challenging economic backdrop, and to our shareholders for their continued support. With a variety of milestones in sight, I look forward to another successful year for Ceres in 2025.

Warren Finegold
Chair of the Board
20 March 2025

1. Reuters, Elections 2024. July 2024. 2. BNEF. New Energy Outlook 2024.

Chief Executive's statement

Accelerating our technologies into commercial markets

> "2024 was a record year for Ceres, as our teams continued to deliver best-in-class technology and global partnerships during a period of significant change in the energy markets and a challenging economic environment. We now have three major global manufacturing partners establishing factories to produce Ceres-based products, creating a solid foundation for continued growth."

Phil Caldwell
Chief Executive Officer

Highlights

- Two new manufacturing licences signed during the year – Delta Electronics of Taiwan and Denso Corporation of Japan
- One systems licence secured – Thermax of India
- Doosan factory commissioning is progressing towards commercial launch, expected in H2 2025
- Weichai and Shell continue to progress with key product milestones achieved in 2024, including new higher power stack and system development

I am proud to report that Ceres has achieved a record-breaking commercial year in 2024. We reached our highest annual revenue and order intake ever, thanks to three significant partner licence agreements. These successes highlight our intensified focus on commercial activities as we expand our partnership portfolio into new territories worldwide. Consequently, Ceres is in a robust financial position as we establish our technology as an industry standard. This will enable us to secure a growing share of both the power generation and green hydrogen production markets as we move towards first production and royalties this year.

We have seen growing demand over the past 12 months for power solutions, which can utilise existing fuels such as natural gas and future fuels such as hydrogen to be deployed rapidly to meet the growing need of AI data centres and industrial power needs. In addition to our SOFC business, Ceres has accelerated the development of its electrolysis technologies to enter the rapidly expanding green hydrogen industry. Over the past three years, our ongoing innovation in core solid oxide technology has led to a highly efficient and cost-effective mode of hydrogen electrolysis for hard-to-abate industrial sectors, such as green steel, ammonia and synthetic fuels production. It is incredibly satisfying to see global manufacturing companies recognising this technology as a solution for both meeting rapidly growing power demand and also to address industrial decarbonisation.

A year of significant commercial progress

Our first new manufacturing partnership and licence agreement of 2024 was announced in January with Taiwan's Delta Electronics. With 80,000 people across approximately 200 facilities, Delta is a manufacturing giant active in the chemicals, energy, transportation and steel sectors. This was Ceres' first dual licence for the production of both SOFC and SOEC stacks.

Our expertise in high-efficiency power generation and green hydrogen production complements Delta's mass manufacturing capabilities, financial and physical resources and end-market presence. The partnership enables Delta to move quickly into decarbonisation solutions and complement its current portfolio of product servicing markets such as data centres, smart buildings, energy infrastructure, grid balancing and energy storage solutions. Delta is expected to start manufacturing by the end of 2026, with keen ambitions for rapid future scale-up.

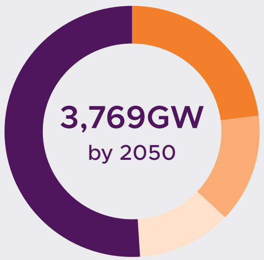
In July, we signed a SOEC manufacturing licence with Japan's Denso Corporation, a global Fortune 500 company employing over 160,000 people in 35 countries and regions worldwide. The partnership will enable Denso to produce Ceres' stack technology under licence, leveraging Denso's expertise in system control and thermal management to develop technology in green hydrogen production. In common with other manufacturing licence partnerships, this agreement provides revenues for licence fees, engineering services and hardware over multiple years, as well as future royalty payments.

In addition to securing two new manufacturing licences, Ceres signed its first SOEC system licence partnership with Thermax in September. Strategically, this is an important relationship for us, taking the business into a significant new region for decarbonisation technologies. Thermax is one of India's largest process equipment manufacturers with an extensive industrial portfolio that includes clean air, clean energy, clean water and chemical solutions. With industry expertise, it is ideally placed to accelerate deployment of our technology by engaging end users to pull the technology into hard-to-abate green ammonia, petrochemical and steel industries.

Our collaboration with Shell to deploy a megawatt-scale SOEC demonstrator was installed in 2024 and is now ready to produce hydrogen and to deliver important test and performance data. This partnership has been extended to develop of a 10MW pressurised module, targeting hydrogen production at 37kWh/kg. The design would be modular, with the potential to be scaled to hundreds of megawatts and integrated into industrial plants to produce sustainable future fuels.

Chief Executive's statement continued

Significant opportunities in Ceres target industrial markets



- Steel 23%
- Ammonia 14%
- Sustainable aviation fuel 12%
- Other industries 51%

Estimated global electrolyser demand: BNEF New Energy Outlook 2024.

Ammonia production includes shipping, which is ammonia and methanol. SAF procurement based upon agreements for international airlines.

Ceres' high-efficiency SOEC technology provides compelling advantage to **50%** of electrolysis market use cases: hard-to-abate industries[2].

The scale-up design builds upon the work undertaken with AtkinsRéalis, a world-leading engineering, procurement and construction ("EPC") services group, to deliver the front-end engineering design ("FEED") for a commercial hydrogen production system based on Ceres' SOEC technology. This design provided a blueprint of the optimum system architecture for a 100MW+ electrolyser system to produce green hydrogen. We will be validating this pressurised modular with a demonstration project to highlight a highly efficient pathway to low-cost green hydrogen production for industrial applications.

In parallel to our initiatives in SOEC, Ceres now has three licensees for our SOFC technology and our focus remains on supporting the execution of their respective solid oxide cell and stack manufacturing facilities through to start of production and first product sales using the Ceres technology.

We expect Doosan to progress to start of production this year for its SOFC power modules for applications such as data centre and maritime power systems. Initial royalty payments to Ceres are expected by the end of 2025. This will be a pivotal moment in our history as these revenues will demonstrate the full scope of business model as our partners sell products into their end markets.

We continue to support the system development of SOFC power modules by Weichai, which has a leading position in China's gas engine market, as well as strong presence in the stationary diesel power generation industry. Weichai deployed first demonstration SOFC systems of up to 100kW to first customers in China in December 2024.

In February 2025, Bosch took the strategic decision to cease its development of SOFC cells and stacks for manufacture. Bosch stated that this decision is part of broader revised strategic direction and does not reflect Bosch's confidence in Ceres or our technology. Clearly we are disappointed that Bosch will discontinue its SOFC operations, but the impact on revenues will be in the low single digit millions of euros for 2025.

Market backdrop and opportunities

Governments around the world have recognised the need to provide power solutions for continued economic growth. We continue to believe that our technologies have important roles to play. In power mode Ceres SOFC technology offer fuel flexibility and the highest levels of conversion from fuel to energy at 65% electrical efficiency in power-only mode, or greater than 90% when excess heat is also utilised.

This enables key regions to support the decarbonisation of energy systems as natural gas is set to remain the transition fuel of choice over the medium term. Nations such as South Korea, China, India and Taiwan will start to reduce their reliance on coal in the next few years and increase adoption of nuclear, natural gas and renewable energy power, supported by various government initiatives.

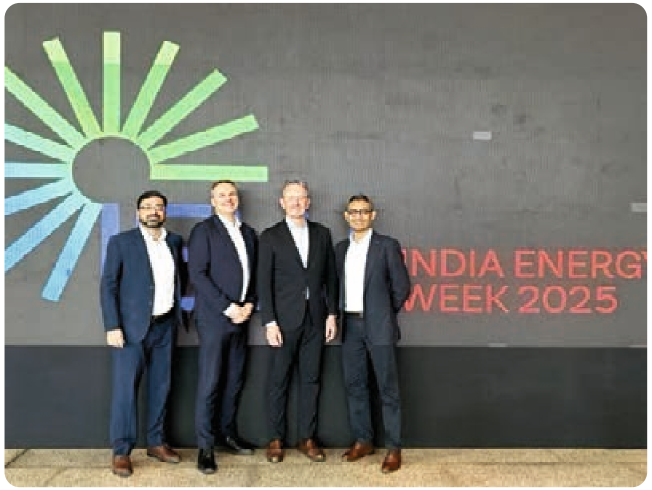
There is also high demand for energy in specific application areas, such as AI-driven data centres. The rise of cloud solutions, cryptocurrency and AI could see data centres accounting for 2,500 to 4,500 terawatt hours ("TWh") of global electricity demand by 2050, equivalent to 5-9% of the total[1]. This demand creates greater need for gas or other sources of energy to balance out the intermittency of renewable energy sources.

While progressing towards global decarbonisation, government incentives reflect the essential role of hydrogen in meeting this goal – either as a fuel of the future, as a key feedstock in a number of industrial processes or as a carrier of energy. Many have put in place specific hydrogen strategies to incentivise the production, infrastructure development and adoption of green hydrogen.

For example, Japan aims to generate public and private investment in hydrogen worth 15 trillion yen, equivalent to around US$98 billion, over the next 15 years, with specific reference to the hard-to-abate sectors. South Korea's Hydrogen Economy Roadmap for hydrogen infrastructure and commercialisation strategies is being backed by around US$33 billion of government funding. The EU is targeting the deployment of 40GW of green hydrogen electrolysis by 2030, committing up to €470 billion in investments up to 2050 for the hydrogen economy. Furthermore, its Clean Industrial Deal sets out plans to promote green industry as well as decarbonising heavy sectors such as steel, cement and chemical manufacture.

In electrolysis mode our solid oxide technology can be operated in reverse to produce pure hydrogen from electricity and water. Our SOEC technology operates at high levels of efficiency as they can integrate waste heat from industrial processes to convert water to steam. This makes our technology a natural choice for hydrogen production for hard-to-abate industrial sectors globally.

With our partners we are targeting industries such as steel production, chemical manufacturing and sustainable future fuels. These industries are characterised by their reliance on high-temperature processes, the need for energy-dense fuels, or the use of fossil fuels as feedstock. As a result, they are difficult to decarbonise using current renewable energy sources or electric alternatives alone. By 2050, around 49% of total green hydrogen consumption will be accounted for by these hard-to-abate industries, equating to approximately 191Mt per annum[2].



"Future demand for both low and zero-carbon power and decarbonised hydrogen electrolysis far exceeds supply, stimulating new entrants into the market that need access to the best technology and can scale manufacturing through global supply chains. This ideally positions Ceres for growth as the only company offering access to world-leading solid oxide technology under licence."

In tandem with our technology and engineering expertise, the Ceres licensing model has been established to help accelerate the adoption of our decarbonisation technologies across these industrial sectors.

As the technology of choice for leading global original equipment manufacturers ("OEM") and systems developers, Ceres offers a faster route to market and efficient zero-carbon hydrogen production. This saves our partners the time, effort and resource needed to develop their own solutions and allows them to focus on their strengths in industrial manufacturing and distribution. In return, Ceres is able to leverage the manufacturing expertise, market presence and balance sheets of these partners to accelerate market entry for our technology.

As the geopolitical landscape shifts towards more trade barriers and tariffs, there will be an increased drive for localisation of production and supply chains. The licensing model enables Ceres to export IP across borders and to accelerate our technology towards becoming the industry standard.

Outlook: building commercial traction

Ceres continues to focus on the path to commercialisation with our partners. Our best-in-class solid oxide platform technology and a highly flexible licensing business model have attracted the biggest global manufacturers and systems developers looking to enter the power system and industrial decarbonisation markets.

The ability to generate power from a range of different fuels at high rates of efficiency is one of the key differentiators of solid oxide fuel cells. We anticipate that the first Ceres-based products containing our technology will be commercially available by the end of this year from Doosan. Doosan has identified stationary power systems for commercial and data centre applications as attractive end markets. As these and other markets expand for our SOFC products, we expect to receive high-margin royalties.

We will also remain focused on building our portfolio of SOEC manufacturing partners, targeting hard-to-abate industries that are carbon intensive and cannot be directly electrified. Our SOEC technology offers a highly efficient solution for industrial decarbonisation. While this process often involves lengthy and complex value chains, if nations wish to reach their net zero targets these industries must be decarbonised, and we have seen early momentum gathering behind our technology.

As ever, none of the achievements of the past year would have been possible without the dedication and hard work of all the people at Ceres. I'd like to thank them for their contributions in delivering our technological and commercial successes during the year, enabling us to look ahead from a position of strength.

Our clear purpose to deliver clean energy for a clean world remains our undiminished guiding principle, helping us to stay true to our values and to focus on building lasting partnerships with those who share our vision.

I see a wealth of opportunities as the high efficiency power generation and hydrogen markets around the world continue to evolve. As we build on our commercial success and technology innovation, Ceres aims to expand its partnerships globally to deploy its technology at scale and pace. I remain confident that Ceres can establish its technology as the solid oxide industry standard. This will position the Company as a key technology player in these markets for years to come.

Phil Caldwell
Chief Executive Officer
20 March 2025

1. McKinsey. Global energy perspective 2024.
2. BNEF. New Energy Outlook 2024.

Technology

clean energy starts with technology

Technology development and the intellectual property that flows from it are at the heart of Ceres. Developed over the last 23 years, our best-in-class solid oxide technology is what sets us apart from our peers. It is our lifeblood, creating defensible competitive advantage and enabling us to partner with the world's best manufacturing companies.

"There's a reason that major global industrial manufacturers come to Ceres. Our technology allows them to rapidly enter dynamic and growing new markets with highly differentiated products enabling them to carve out new commercial opportunities."

Caroline Hargrove CBE
Chief Technology Officer

What have been the key technology milestones in 2024?

The focus for 2024 was to accelerate SOEC technology development – and we've made huge strides. At cell level, we've improved the robustness of our cell chemistry, optimised operating strategies and deepened our understanding of degradation mechanisms. Our stack innovation centred on optimising electrolysis stacks and developing a commercial-scale system module, enhancing durability and balance of plant components. These learnings will help our partners reduce production costs and build commercial pricing strategies as they continue to develop their product launch plans.

For the first time, we ran our stacks under pressure, an important factor for large-scale applications. This enabled us to complete the design of our first pressurised 24-stack array module ("SAM"), which will be built in H1 2025. Since green hydrogen depends on renewable energy, we successfully tested simulations of variable renewable electricity supply at module level and found our stacks cope well with supply intermittency.

The development of the SAM was based upon a preliminary design and cost estimate of a 100MW+ electrolyser system, developed in collaboration with AtkinsRéalis, to optimise the design of our SAM and to minimise cost for large-scale deployments. The enhanced efficiency of our SOEC-based electrolysers delivers two benefits in hydrogen production at scale. Firstly, the lower electrolyser capacity required to produce a tonne of hydrogen compared to PEM or alkaline electrolysers creates a tangible reduction in capital expenditure of around 30%. Secondly, less electrical energy is required to produce the same amount of hydrogen in SOEC devices, a similar reduction in energy cost of around 30%. This provides compelling economics for electrolyser hydrogen production.

How is digitalisation playing a role in accelerating technology innovation?

In an area as complex as electrochemistry innovation, modelling and digitalisation are crucial for accelerating development. By creating virtual models of cells, stacks and systems, we generate digital assets that simulate realistic operating conditions at every level of development. This speeds up innovation development and allows us to explore mechanisms to reduce manufacturing costs for our prototypes.

	Alkaline & PEM	SOEC target	Cost saving
	System efficiency **57** kWh/kg*	System efficiency **39** kWh/kg*	
Green hydrogen production per year	1MT	1MT	
Electrolyser capacity	6.6GW	4.5GW	–
Renewables capacity	10.9GW	7.4GW	$6.8bn
Electricity costs ($55/MWh) per year	$3.39bn	$2.3bn	$1.09bn

30% CapEx reduction

30% OpEx reduction $14bn over 20-year project lifetime

Assumptions used in calculations: electrolyser system operating at 30 barg; electrolyser system installed CapEx: $1500/kW; wind:solar ratio: 67:33; renewable capacity factor: 53%; electrolyser capacity factor: 90%.

* References for renewable energy cost and efficiencies: renewable power generation costs in 2023 (irena.org); green hydrogen cost reduction: scaling up electrolysers to meet the 1.5°C climate goal (irena.org).

Our digitalisation platform hosts all up-to-date test data and manufacturing information. This has improved our data analysis and modelling capability, in turn enabling us to build virtual systems and to understand the limits of performance. By passing these learnings on to our partners, we can help them build their understanding of our technology more rapidly, expediting their route to commercialisation.

What can we look forward to over the next year from a technology perspective?

The year ahead promises continued innovation at Ceres. We aim to improve cell chemistries and coatings to enhance the durability of the cells and to reduce manufacturing cost. At stack level we are looking to complete the design, validation and release of next-generation stack products. At the same time we are focusing on a number of initiatives to optimise the balance of plant around the stacks to help accelerate the commercial viability of our technologies for our partners.

Our 1MW-scale SOEC demonstrator at Shell's India R&D facility passed its safety certification in Q4 2024, and is ready to begin producing hydrogen onsite. This will provide key insights into multiple modules running in parallel, as well as different operating strategies. Shell has extended our partnership to build upon our learnings from the 1MW demonstrator to design a 10MW pressurised SOEC module, targeting 37kWh/kg. These modules would become the building blocks of gigawatt scale hydrogen factories designed to be integrated with industrial plants to produce sustainable future fuels.

Once our first commercial-scale pressurised SAM is built, it will go to a partner test site for commissioning. This will be the first test of our pressurised demonstrator, the building block for large-scale green hydrogen SOEC projects.

Will you continue to focus on IP generation?

Technology remains the bedrock of Ceres, driving progress through innovation. We continue to expand our IP portfolio and have joined the LOT Network, the world's largest patent licensing platform of global companies, to reduce patent litigation risk. Our technology is built on a foundation of 150 patent families as well as extensive trade secrets. As we add to our technical expertise, we continue to support our partners in executing their manufacturing and commercialisation plans – after all, their success is our success.

150 IP patent families built on 23 years of R&D expertise

Product

Introducing our new product focus

Designing our technology for end users

In 2024, we grew our management team with the appointment of Nick Lawrence as Chief Product Officer. By ensuring our technology delivers tangible economic and environmental benefits, we aim to drive adoption and empower industries to meet their decarbonisation goals.

Our operating model has matured, making us more product focused and market driven. Strategy and targets are set from real-world application insights and modelling, with roadmaps in place for alignment and strategy consolidation. Internal product development investments are laser focused on realising true value to our licence partners, their customers and the broader value chains.

As the world pushes towards a decarbonised future, there is growing recognition of the complexity involved and the diverse range of technologies required to transform the global energy ecosystem. While the urgency is clear, progress depends on the rapid deployment of low-emissions technologies that can integrate seamlessly into existing infrastructure and adapt to the energy systems of tomorrow. Our product development efforts are focused on designing advanced solid oxide electrolyser systems that are not only compatible with today's infrastructure, but also adaptable for a decarbonised future.

When powered by natural gas, our SOFC technology achieves electrical efficiencies of 65% and combined efficiencies greater than 90% by utilising waste heat for heating and hot water. It can deliver a 30% reduction in carbon emissions compared to traditional combustion engines. As the energy landscape shifts to cleaner fuels like hydrogen or ammonia, our technology can generate electricity with zero emissions, paving the way for a sustainable energy future.

In electrolyser mode, our products provide a highly efficient, cost-effective and sustainable pathway to producing green hydrogen when powered by renewable electricity. This green hydrogen is a critical enabler for decarbonising industrial processes, including steel and ammonia production, and sustainable aviation fuel synthesis. To accelerate these transitions, Ceres is actively evaluating industrial systems to identify opportunities to enhance both efficiency and economic viability, such as projects with AtkinsRéalis on 100MW+ plant designs.

> "Ceres is dedicated to developing products that will serve as cornerstones of tomorrow's energy systems. By focusing on refining our solutions for seamless integration into real-world infrastructure, we aim to accelerate technology adoption and enhance the economic viability of industrial decarbonisation."

Nick Lawrence
Chief Product Officer

Ammonia is a leading market application for SOEC technology. Ammonia is the base chemical for fertilisers, a globally traded commodity essential for boosting crop yields. The conventional method of ammonia production uses steam to break natural gas into hydrogen and carbon molecules. The hydrogen is then reacted with nitrogen to create ammonia, but the carbon is released into the atmosphere meaning the process is highly carbon intensive, representing 1.8% of global CO_2 emissions[1].

Net zero-aligned countries have been developing regulations to decarbonise this industry, including mandates to adopt electrolysis technology. Alkaline is the most common electrolyser technology, but its poor electrical efficiency threatens the economic viability of ammonia production for many companies. The cost of electricity typically represents 70-80% of the cost of a unit of hydrogen, therefore increased electrical feed would greatly increase the cost of hydrogen production.

AtkinsRéalis delivered a study to one of the world's largest ammonia producers outlining the potential of an electrolyser system design using Ceres stacks. Developed in collaboration with the plant owner, the study evaluated the opportunity for SOEC-produced hydrogen to integrate into their ammonia plant. It provided a cost estimate for equipment required for their operations, including the development of a 400MW electrolysis configuration.

The study showed that steam generated as a byproduct of ammonia and fertiliser production was sufficient to fulfil all of the electrolysers needs and enable maximum efficiency gains that reduce electrical consumption by 30% compared to alkaline technology. These results presented the transformative impact that Ceres SOEC technology could have to project economics and therefore the decarbonisation of the ammonia production industry.

Ceres is actively speaking to the biggest names in the chemicals industry to accelerate the adoption of SOEC technology. Our licence partners are developing the system technologies to commercialise our product and service this large market.

1. 2020, Royal Society, Ammonia: zero-carbon fertiliser policy briefing.

37kWh/kg

SOEC electrolyser module efficiency

30% more efficient

hydrogen production compared to alkaline and PEM technology

Data centres and the potential of artificial intelligence ("AI") have become hot topics, as consumers explore AI platforms and companies seek to enhance productivity and develop innovative, intelligent products. This presents a key opportunity for Ceres' SOFC technology as the sector is anticipated to experience explosive growth, driving a surge in power requirement due to the significant data processing needed for training and running AI models. Data centre power consumption is forecast to rise by 258% between 2023 and 2030, with the largest hyperscale data centres each demanding over 100MW of power per annum, equivalent to 350,000-400,000 electric cars[1].

However, the sector is hitting roadblocks in modern economies. Grid capacity is often insufficient in key locations and grid upgrades take too long to implement. As a result, data centre developers are seeking alternative solutions for reliable power. SOFC presents an appealing option due to its ability to run on natural gas with 65% efficiency and above 90% through the recovery of waste heat. Their modular design allows for phased development of data centres or the addition of extra capacity as needed. This flexibility accommodates advances in microchip processing density and enables more data to be processed in the same space.

SOFC offers up to a 30% reduction in carbon emissions compared to conventional combustion engines and can achieve carbon neutrality when integrated with carbon capture solutions or powered by biogas. As the energy sector transitions towards cleaner fuels such as hydrogen and ammonia, our technology offers a future proofed solution to meet the energy demands of today and transition to zero-emissions electricity generation for a sustainable and low-carbon future.

Ceres has two fuel cell manufacturing licensees, Doosan and Delta, and both are developing manufacturing facilities. With data centre power demand growing globally, each of our partners is well placed to leverage its unique networks to be able to develop systems around Ceres world-class stack technology.

1. IEA. What the data centre and AI boom could mean for the energy sector. October 2024.

Above 90% efficiency

power conversion with heat integration using SOFC technology

450–630°C

Operating temperature compared to 800°C – 1,000°C for other SOEC technologies

Commercial

clean energy starts with partners

Ceres continues to bring greater focus and delivery of its commercial activities. Built on the deep foundations of our solid oxide expertise, Ceres' technology is becoming the technology of choice for our partners.

"The energy transition market is finding its rhythm after a period of highs and lows. The progress we're seeing – record investments, advancing infrastructure and growing government support – signals a bright future. Our biggest opportunities lie in industrial decarbonisation and powering the booming data centre sector, where our technologies can deliver real impact."

Filip Smeets
Chief Commercial Officer

What's happening on the power side of the Ceres business?

A promising area for growing power demand lies in the rapidly expanding data centre power industry. Over the past year this sector has experienced significant growth, driven by surging digital services, cloud computing and AI applications. In North America alone, data centre inventory grew by 24.4% year-on-year in Q1 2024[1]. With data creation projected to grow at a compound annual growth rate of 23% through 2030, substantial investments in energy infrastructure are essential to meet the rising demand. In November 2024, Bloom Energy received a 1GW order from American Electric Power, reflecting the size of opportunity of this market.

Along with the data centre market, Ceres and its SOFC partners are well positioned to address a variety of commercial power markets. Our technology offers cleaner and more efficient power solutions for commercial buildings, distributed power and micro-grids, providing a reliable alternative aligned with sustainability goals while addressing accelerating energy requirements.

For more information on why solid oxide technologies are particularly well-suited to the provision of data centre power, see the data centre case study on page 15.

Can you provide an update on the green hydrogen markets?

Over the last few years, sentiment in the nascent green hydrogen markets has ebbed and flowed, keeping the hydrogen community on its toes.

But the sector has shown notable resilience this year, rising to the challenge of macroeconomic uncertainty. More projects are successfully reaching final investment decisions, underlining investor belief in hydrogen's long-term potential. Global investments in green hydrogen, both public and private, are hitting record highs while governments are rolling out new strategies and fine-tuning regulations to make the sector more cohesive. Infrastructure projects, like hydrogen pipelines and backbones, are moving forward, building a solid foundation for future growth.

Europe and Asia-Pacific are still leading the way, providing the strongest government backing for hydrogen with funding for research, manufacturing and infrastructure. Their commitment reinforces hydrogen's critical role in cutting emissions and supporting the energy transition. US regulatory support for green hydrogen remains uncertain under the new Trump administration, but Ceres continues to look for opportunities to enter this market.

As renewable energy capacity grows and prices come down, green hydrogen becomes increasingly viable. During periods of low demand, free or ultra-cheap electricity will make hydrogen production even more attractive. This reconfirms the early predictions that positioned hydrogen as a cornerstone of decarbonisation.

We believe that the market is finding its rhythm, but the future is still bright. With technological breakthroughs, increasing investments and a strong global push for net zero, hydrogen's transformative role in the energy ecosystem is just beginning.

Where do you see the most promise for green hydrogen technologies?

Over the past decade, the focus on green hydrogen has shifted away from mobility and toward large-scale industrial uses in sectors that are hard to decarbonise. This evolution has been driven by the rapid advancements in battery and charging technologies for mobility, which outpaced initial expectations. Industrial applications, on the other hand, offer far greater climate impact per dollar invested, making them an attractive target for decarbonisation efforts.

Our SOEC technology is squarely aimed at key industries such as ammonia production, steel manufacturing and oil refining, where electrolysers can replace grey hydrogen with green alternatives. Governments are accelerating this transition through regulatory measures like mandatory quotas and carbon credit systems, striking a balance between long-term climate goals and short-term industrial competitiveness. Among hydrogen technologies, SOEC stands out with distinctive cost advantages for these applications.

Looking ahead, we expect industries to align new investments with regions offering competitive renewable power, such as the Middle East, Australia, the southern US and north-western China. These renewables-rich regions will play a crucial role in scaling up hydrogen production. Strategically, Ceres maintains its focus on building partnerships, leveraging the advantages of these geographies with the impact of these key industries.

Can you summarise the commercial outlook for 2025?

Industrial decarbonisation and AI-driven commercial power present two of the most compelling opportunity sets for our differentiated technology, positioning it as a critical enabler of the energy transition. We aim to become an industry standard in these markets, and our primary focus continues to be on broadening the portfolio of licence partners through sharper commercial engagement.

On the power side of the business, we keenly anticipate Doosan's SOFC manufacturing facility coming on-stream this year, delivering us our first royalty revenues: a significant milestone for the Company. Other partners are poised to follow suit, as it becomes increasingly evident that natural gas-powered fuel cells will continue to be a vital energy source in certain regions for years to come.

In electrolysis, by working closely with the major systems integration and engineering companies, we are reinforcing our value in key hydrogen markets. With the need for industrial decarbonisation intensifying globally, we are excited by the commercial opportunities and are working hard to harness them to propel our future growth.

1. CBRE. Global Data Center Trends 2024.

Doosan factory construction

Sustainability

clean energy starts with sustainability

Ceres sees the value of sustainability and endeavours to integrate it across business activities from the top down, collaborating across our teams for effective assessment and implementation.

"As a technology company at the forefront of the energy transition, our business and sustainability strategies align towards a unified goal: clean energy for a clean world. As Ceres continues to grow, we prioritise sustainability across our operations and technology to maximise our positive impact on enabling global decarbonisation."

Julia King
Chair of the ESG Committee

Sustainability overview

Diversity and inclusion

At Ceres we aim for our workforce to be representative of all sectors of society and for each employee to feel respected and able to give their best. We call it DEBI (short for diversity, equity, belonging and inclusion), and it encompasses our belief that talent and ingenuity stem from a variety of perspectives and experiences. Our diverse workforce with almost 480 employees includes a wide range of people from students to brilliant scientists and engineers from over 40 countries. During 2024 we invested the equivalent of £547 per employee in technical training, leadership training and wellbeing programmes. We recognise that nurturing and developing our talent is critical to supporting retention and success. We continually seek to improve the gender balance within Ceres. At 31 December 2024, 93 employees were female and 382 were male and three undisclosed. For more information, see our Gender Pay Report on our website.

40+ nationalities

represented among employees at Ceres

Health and safety

In 2024, Ceres reported a Total Recordable Incident Rate ("TRIR") of 0.33 per 100 employees, down from 0.54 the previous year. Ceres reported zero injuries under the Reporting of Injuries, Diseases, and Dangerous Occurrences ("RIDDORs") criteria, a decrease from one last year.

Targeting net zero

Ceres enables the decarbonisation of multiple markets by developing highly differentiated technology that scales through global partnerships. Global impact does not absolve us of responsibility for our own emissions and impact; therefore, Ceres is working towards building and executing a transition plan to become a net zero company.

This includes initiatives to improve our technology's design to reduce its emissions impact, which will significantly reduce the carbon emissions of our technology as our partners scale production. Ceres has committed to near-term emissions reduction targets validated by the Science Based Target initiative ("SBTi"). We have committed to reducing absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2022 base year, and have also committed to reduce Scope 3 GHG emissions by 53% per million GBP gross profit by 2030 from a 2022 base year.

In addition to the mandatory reporting on sustainability, Ceres produces an extensive Sustainability Report, providing insights into our sustainability strategy, environmental and governance responsibilities and commitment to social matters. The 2024 Sustainability Report is available on our website.

50% reduction

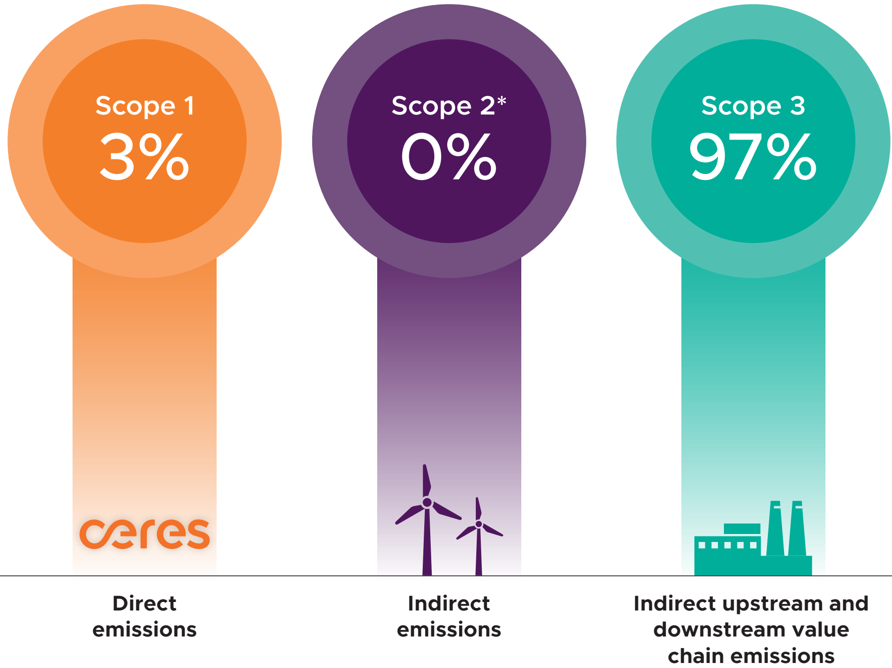
in emission impact of 10kW stack design compared to previous generation

Carbon emissions breakdown

This chart provides a visual breakdown of our Scope 1, 2 and 3 emissions sources.

The percentages of each type of emissions are based on our market-based 2023 data. Our in-depth Scope 3 emissions analysis for 2024 will be published in our Sustainability Report later in the year.

* Using market-based emissions accounting, our Scope 2 emissions are nil, as our electricity is secured from 100% renewable sources with Renewable Energy Guarantee of Origin ("REGO") certificates.



Sustainability continued

Sustainability roadmap

Ceres' ESG pillars

- Science-based climate action
- Processes that support nature
- A green transition that works for people
- Governance enabling the right decision

Tackling climate change is what drives us; we are committed to enabling a decarbonised world through our technology, and our aim is to ensure our sustainability strategy keeps pace with this ambition.

Progress achieved

- First iteration of TCFD analysis and disclosure.
- Created SBTi guided net zero strategy, setting near-term absolute emission targets and Scope 3 intensity targets.

- Achieved Energy Savings Opportunity Scheme ("ESOS") compliance for energy management.
- Achieved zero waste to landfill.

- Exceeded 30% target for female recruitment.
- ESG KPIs integrated into Executive remuneration package.

- Refreshed our materiality matrix.
- Second publication against the Sustainability Accounting Standards Board ("SASB").

Current actions
<1 year

- Mature reporting against TCFD towards full compliance.
- Implement initial emissions reduction initiatives in line with SBTi commitment.

- Reduce electrical consumption by 15,000kWh.
- Maintain zero waste to landfill.
- Maintain ISO 14001 accreditation for Environmental Management Systems.

- Annual Gallup 12 employee survey completed in July 2024.
- Improved retention of employees to 88% from 84%.
- Reduced the gender pay gap amongst Ceres employees.

- Integration of Transition Plan Taskforce framework into reporting.
- Identification of relevant clauses from The Chancery Lane Project for integration into our business contracts.

Future actions
1–3 years

- Embed circular economy principles in product design, recycling and reuse targets.
- Understand product impact in service with cradle-to-grave and Scope 4 emissions analysis.

- Seek ISO 50001 accreditation for Energy Management Systems.
- Evaluate water impacts from our electrolyser technologies at scale.

- Develop a diverse and motivated workforce with a culture of collaboration, focused on our mission to deliver "clean energy for a clean world".
- Enhance our teams' skills for a green transition through growth and training.

- Embed sustainability consideration across our operations, in alignment with our net zero strategy.

Goal

Multi-gigawatts of manufacturing capacity under licence with global partners.

Enabling significant carbon reduction versus alternative power and hydrogen production methods.

Emissions and energy reporting

While our technology will lead to huge carbon abatement and carbon savings, we seek to understand our own direct and indirect emissions relative to our global positive impact.

Below is our SECR emissions reporting for Scope 1, 2 and limited Scope 3 emissions, calculated using the Greenhouse Gas Protocol Accounting. In 2024 we onboarded the emissions management system Sweep. Sweep provides centralised carbon data storage that can track our emissions in near real time while supporting our progress towards net zero. Designed to comply with the TCFD and SBTi frameworks, Sweep helps to identify hotspots and monitor progress against our goals.

This is a significant improvement in Ceres' data management, providing a baseline for consistency in future emissions analysis.

Ceres' Scope 1 and 2 emissions slightly increased in 2024. Ceres sources 100% verifiable renewable energy, so despite the increases in electricity usage and corresponding Scope 2 emissions, there is no net emissions impact from the energy increase. Our limited Scope 3 emissions decreased, but fuel used for personal vehicles represented less than 1% of total Scope 3 emissions in 2023, so this does not necessary reflect a broader trend. The calculation of the remaining Scope 3 emissions will be published later this year in our Sustainability Report.

As a growth company, Ceres continues to invest in our manufacturing and testing capacity, which will lead to higher emissions in the short term. However, our technology can address climate change and air quality challenges for industry, data centres, transportation and everyday living. Scaling technology has an environmental cost, but any increase in our footprint will be significantly outweighed by the positive impact our technology will have on global decarbonisation efforts.

We aim to reduce our other emissions through continued innovation of our technology designs and have committed to SBTi near-term targets.

Streamlined Energy and Carbon Reporting ("SECR") for the 12 months to December 2024

SECR disclosures

		2022		2023		2024	
Disclosure	Description	Energy (kWh)	Emissions[1] (tCO_2e)	Energy (kWh)	Emissions[1] (tCO_2e)	Energy (kWh)	Emissions[1] (tCO_2e)
Scope 1 Direct emissions	Fuel used in transport and consumption of natural gas[2]	2,243,492	411	2,779,434	510[3]	2,860,495	541[3]
Scope 2 Indirect emissions	Electricity used for operations (location-based method for emissions)	6,340,242	1,226	6,526,984	1,352[3]	6,463,620	1,338[3]
	Electricity purchased and used for operations (market-based method for emissions)	6,340,242	Nil[4]	6,526,984	Nil[4]	6,463,620	Nil[4]
Scope 3 Other indirect emissions	Fuel used in personal vehicles for business travel	69,931	17[5]	104,616	25[5]	80,506	20[5]
Total	**Total SECR carbon emissions (market-based)**	**8,653,665**	**428**	**9,411,034**	**535**	**9,404,621**	**561**
Carbon intensity	**Total carbon emissions for Scope 1, 2 and limited Scope 3 per £100k revenue**		**2.16**		**2.40**		**1.08**

1. CO_2e calculated from fuel used in Company vehicles, electricity purchased and natural gas consumed for ongoing operations, converted to tCO_2e using government-approved conversion factors.
2. Other gas use and emissions from test stands and international travel excluded.
3. Scope 1 and 2 emissions from UK operations represent 100% (2023: 100%) and 100% (2023: 100%) of Scope 1 and 2 respectively, with no emissions from overseas operations. Emissions from our CleanTech Test centre in Nuneaton, UK, and office in Brighton, UK, are not included as both are shared facilities, which limits our ability to quantify our specific footprint, and their estimated contribution to our overall footprint is too small to be material.
4. Starting from October 2020, we secured 100% renewable energy supply until September 2027, certified by TotalEnergies, which assures our energy supply is backed by relevant Renewable Energy Guarantee of Origin ("REGO") certificates.
5. Fuel used in personal vehicles for business travel and downstream in-use emissions as of March 2024.

Sustainability continued

Building resilience for the future

Using the Task Force on Climate-related Financial Disclosures ("TCFD") as a framework, Ceres reports against the climate-related risks and opportunities that face our business.

As a technology company at the forefront of the energy transition, the climate transition represents a strong business opportunity for Ceres; however, climate-related risks are inherently global and will affect businesses across their value chains and operations. Therefore it is essential to thoroughly evaluate climate risks to ensure resilience to a changing environment. Ceres' technology has an opportunity to have a global impact, but we must continue to align our operations and technology designs with our sustainability values.

In this report we have made climate-related financial disclosures consistent with the TCFD's recommendations and Recommended Disclosures pursuant to UK Listing Rule 6.6.6R(8). The following tables summarise our disclosures and reference where further detail on climate-related financial disclosures can be found in this report or on our Company website. In completing this report, we have used the TCFD guidance material including the TCFD technical supplement on the use of scenario analysis, the TCFD Guidance on Metrics, Targets, and Transition Plans, and the TCFD Guidance for All Sectors to cover the four pillars of recommended climate-related financial disclosures.

The ESG Committee believes that we have reported in compliance with seven of the eleven recommendations, with 2(b), 4(a), 4(b) and 4(c) being partially. We are currently analysing the financial impact of climate-related risks and opportunities and full Scope 3 GHG analysis. Ceres has established near-term emissions reduction targets, but will require time to measure progress against these targets. As each of these recommendations is under development, Ceres intends to be fully compliant with its reporting requirements in 2026.

Governance	Strategy	Risk management	Metrics and targets
Recommended disclosures			
a) Board's oversight	a) Identify climate-related risks and opportunities	a) Risk identification and assessment process	a) Climate-related metrics to assess climate-related risks and opportunities
b) Management's role	b) Impact on the organisation's businesses, strategy and financial planning	b) Risk management process	b) Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks
	c) Resilience of the organisation's strategy	c) Integration into the organisation's overall risk management	c) Climate-related targets and performance against targets

Compliant Partially compliant Non-compliant

1 Governance

Disclose Ceres' governance around climate-related risks and opportunities.

a. Describe the Board's oversight of climate-related risks and opportunities.
The Board is responsible for the Company's risk framework, which includes climate-related risks and opportunities. In 2023, Ceres formalised the review of ESG risks and actions by the establishment of an ESG Committee of the Board ("ESG Committee"). The ESG Committee oversees the development and execution of sustainability targets and key performance indicators ("KPI"). The Committee is crucial in shaping and monitoring our sustainability vision and strategy to address future skills and operational and governance needs. Such considerations not only guide current decision-making processes, but also facilitate developments that are robust enough for an uncertain future and to enable a better one. It meets at least three times a year and otherwise as required. The Chair reports formally to the Board after each meeting on all matters within its duties and responsibilities. For more information on the duties and responsibilities of the ESG Committee of the Board, please see the ESG Committee Report on page 88. The Company's Non-financial and sustainability information statement as required by Section 414CA and Section 414CB of the Companies Act 2006 can be found on page 91 of the Directors' Report.

b. Describe management's role in assessing and managing climate-related risks and opportunities.
The Company's Chief Operating Officer Mark Garrett chairs an Operational ESG Committee, tasked with identifying, managing and executing against sustainability objectives. This Committee includes members from finance, legal, operations, human resources and communications, ensuring a holistic approach to sustainability. Meeting at least quarterly, the Operational ESG Committee facilitates a regular review and alignment of ESG initiatives across the organisation. The COO reports the Committee's progress to the ESG Committee after each meeting, ensuring transparency and accountability. ESG metrics are incorporated into KPIs for Executive remuneration, better reflecting our Company culture by aligning Executive interests with those of other stakeholders, and increasing ESG performance and ESG risk management. Though the responsibility falls to management, the operations function of the business, from procurement and the supply chain, to manufacturing and test, to health and safety and facilities, are all deeply involved in evaluating, monitoring and improving our sustainable behaviours and actions.

2 Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's business, strategy and financial planning, where such information is material.

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.
Given the challenging global backdrop, Ceres' strategy is designed to be resilient amidst uncertainty whilst fostering a more sustainable future. We integrate this strategy within our operations and product designs, aiming to support industry decarbonisation with sustainability-centric technology. The level of risk varies with factors such as the temperature increase and the time horizon. To manage and mitigate such climate-related risks, we have conducted a scenario analysis, evaluating the impact of climate-related risks and opportunities at three temperatures and three time horizons: 1.5°C, 2.0°C and 3.0°C temperature increases compared to pre-industrial times over the short term (until 2030), medium term (to 2040) and long term (to 2050). Ceres has identified six climate-related risks, four transition and two physical risks; and two climate-related opportunities, as outlined on page 25.

b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.*
Climate-related risks are inherently global, affecting businesses across their value chains and operations. Climate change can disrupt global markets, leading to the scarcity of critical skills, resources and materials, each of which could increase Ceres' operational costs and detrimentally affect our partners' supply chains and disrupt production. Following TCFD guidance on evaluating risks and opportunities, we have categorised the risks and opportunities and taken into consideration the impact across Ceres' operations in the UK, the production of our technology by our partners and the impact on Ceres' potential royalty revenue in the future, our supply chain and potential supply chains of our partners. Consideration of impact was quantified as direct impact on Ceres' business strategy and operations.

Ceres is in the process of evaluating the financial impact of climate-related risks and opportunities. We anticipate this being complete within the next 12 months.

Ceres embeds its technology with global partners, who design and manufacture products and systems at scale for various applications. Operating from our UK base, Ceres focuses on innovation and R&D, transferring technology under licence. This positioning presents both risks and opportunities, especially as a clean energy company. Our current disclosure reflects our business model and small asset footprint while considering the direct impact on Ceres through our manufacturing partners. Through sustainability initiatives across our operations and technology development, these innovations are significantly amplified when scaled up through our partners' production capacities, driving substantial reductions in overall emissions, maximising our positive impact on creating a cleaner world.

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
Ceres has completed its second iteration of climate-related scenario analysis, available on page 25. We have improved our reporting by standardising our analysis using independent climate scenarios, defined by the Network for Greening the Financial System ("NGFS") to provide credible data to support environmental and climate risk management across industries. For a full description of our climate-related risks and opportunities and Ceres' resiliency to them, see our Scenario analysis on page 25.

* Not yet compliant in reporting for these metrics.

Sustainability continued

3 Risk management

Disclose how Ceres identifies, assesses and manages climate-related risks.

a. Describe the organisation's processes for identifying and assessing climate-related risks.
Climate change is a significant risk, prompting the Executive Committee to compile a cross-disciplinary ESG risk register. This register encompasses various ESG issues, each evaluated over different time periods. Each risk is assigned a severity rating, probability of occurrence and potential impact on the business. Once risks are identified, proposed responses and post-mitigation severity analyses are conducted.

The ESG Committee regularly reviews the risk register, escalating significant risks to the Audit and Risk Committee for inclusion in the Board-level risk register. High-impact risks are presented to the Board and integrated into business, strategic and financial planning, following the same escalation procedure for high-impact short-term risks identified through scenario analysis. Additionally, the ESG Committee conducts a materiality analysis every two years to identify and prioritise key ESG issues through stakeholder engagement.

b. Describe the organisation's processes for managing climate-related risks.
Existing and emerging regulatory requirements related to climate change are considered in both our response as a business but also with regard to opportunities for the business. For example, changing legislation on air quality and emissions is driving the move towards the adoption of greener technology solutions.

Climate adaptation risks are also considered at a site level. Integrated Management Systems ("IMS") cover the business' main sites, our Technology Innovation Centre in Horsham and Manufacturing Innovation Centre in Redhill, and host ISO 9001 and ISO 14001 management systems. Each site is audited externally or internally (every three years). We have also sought to collaborate with the licence partners and understand their mitigation and adaptation plans for their key manufacturing sites for our technology.

With regard to the supply chain, sustainability risks, including natural and climate-related hazards, are embedded into supplier risk assessments. This process enables the definition of risk mitigation action plans with suppliers, as well as prioritising multi-sourcing strategies. The Company continually monitors events and critical supplier locations to shorten reaction time and minimise business impact.

c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.
On top of the climate-related risks Ceres may face as a business, we are also conscious of the impact of climate-related risks on our partners. As a licensing business, once our partners reach commercial scale, climate-related risks may influence our partner's productivity, thereby resulting in a financial impact on Ceres due to disruption in royalties. Assessment of these risks is encompassed in our scenario analysis, available on page 25. High-impact short-term risks are escalated to the Audit and Risk Committee for review. Risks are assessed as either a new principal risk, falling within a current principal risk or requiring ongoing monitoring. Actions are taken as needed in accordance with our corporate governance procedures. Ceres is currently assessing the most appropriate methodology to quantify the financial impact of climate-related risks. We intend to publish this within 12 months.

4 Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes.*
Metrics to assess climate-related risks and opportunities include climate risk and environmental profiling data, including life cycle analysis, energy use and carbon emissions intensity. ESG targets are incorporated into KPIs for Executive remuneration, better reflecting our Company culture by aligning Executive interests with those of other stakeholders, and increasing ESG performance and ESG risk management. Though the responsibility falls to management, the operations function of the business, from procurement and the supply chain, to manufacturing and test, to health and safety and facilities, are all deeply involved in evaluating, monitoring and improving our sustainable behaviours and actions.

As part of our continuous efforts to enhance energy efficiency, Ceres achieved compliance with the Energy Savings Opportunity Scheme ("ESOS") for energy management. In 2023, we hosted an Energy Savings Challenge, bringing together scientists and engineers from across the business to brainstorm over 40 initiatives to reduce energy consumption in our operations. Eight of these initiatives have been implemented, with the remainder recorded for potential future action.

Ceres recognises the importance of water conservation in the light of the growing global water strain. Our technology, which generates green hydrogen from green electricity, involves the hydrolysis of water into hydrogen and oxygen. Despite our modest water consumption of 5,330m^3 last year, as our partners expand to multi-gigawatt capacities globally by 2030, our deployed technology will result in significant water usage. Therefore, it is imperative to understand the impact of our technology on water use. To address this, we have included an evaluation of the water impacts of our electrolyser technology at scale in our sustainability roadmap as a future action.

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.*
Each year, Ceres discloses our greenhouse gas ("GHG") emissions for Scope 1, 2 and limited Scope 3 SECR emissions reporting. Starting in 2022, we have provided spend-based data for additional Scope 3 emissions covering our full value chain. A full disclosure of Scope 3 emissions for 2023 is available in our Sustainability Report and our full Scope 3 emissions for 2024 will be published later this year in our Sustainability Report. By onboarding the emissions management system Sweep, Ceres will standardise our emissions reporting and be able to use the more rapid data collection to further mitigate emissions and their associated risks.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.*
In 2023, Ceres completed a rigorous analysis of our emissions, assessing in detail our Scope 1, 2 and Scope 3 emissions, forecasting our future emissions in a business-as-usual scenario and a net zero scenario. In consultation with Ricardo Energy and Environment, we produced a comprehensive assessment of the investment and actions required to implement a net zero strategy aligned with SBTi standards. This has provided greater depth of understanding of the emissions of Ceres' operations and our supply chain, the latter representing 97% of our total emissions. Ceres Power Limited has committed to reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2022 base year. We have also committed to reduce Scope 3 GHG emissions 53% per million GBP gross profit by 2030 from a 2022 base year.

As a pre-profit company, we have developed a net zero implementation strategy that balances affordability with impact.

Since our supply chain constitutes a large proportion of our emissions, supply chain engagement and sustainable procurement will play a key role in meeting these targets. We are also onboarding a life cycle analysis tool in-house to provide ongoing insight into where emissions reductions can be achieved.

* Not yet compliant in reporting for these metrics.

Scenario analysis

Ceres has assessed the climate-related risks and opportunities impacting our operations. Scenario analysis helps us to understand and to quantify potential risks and uncertainties under different plausible climate futures. As per TCFD guidelines, our risks and opportunities are categorised into transition or physical risks and assessed across three scenarios: Net Zero 2050, Delayed Transition and Current Policies, covering the short (to 2030), medium (to 2040) and long (to 2050) term. These three scenarios, defined by the Network for Greening the Financial System ("NGFS"), provide credible data to support environmental and climate risk management across industries.

Each scenario incorporates assumptions regarding policy reactions, technology adoption and physical climate that will impact forecasts, such as investment in hydrogen projects or the frequency and intensity of heatwaves. These assumptions provide the data from which the impact on Ceres can be determined. The three temperature scenarios included in our analysis are as follows:

1. Net Zero 2050: Limits global warming to 1.5°C through stringent climate policies and innovation, achieving global net zero CO_2 emissions around 2050.
2. Delayed Transition: Assumes annual emissions do not decrease until 2030, with strong policies required to limit warming to below 2°C, peaking at a 1.8°C increase by the end of the century.
3. Current Policies: Maintains only currently implemented policies, resulting in high physical risks and a final estimated temperature increase of 2.9°C by the end of the century.

As we mature our reporting, we will provide more detailed disclosures of climate-related risks and opportunities. Scaling technology has an environmental cost, but any increase in our footprint will be significantly outweighed by the positive impact our technology will have on global decarbonisation efforts.

Ceres' resilience under different, potential future climates

Process to date

Re-evaluate the likelihood and relevance of the identified climate-related risks and opportunities that may impact Ceres, in alignment with TCFD guidance.

Using NGFS benchmarking climate scenarios and data, assess the potential likelihood and impact of each risk and opportunity under three possible warming scenarios, with insight from the Operational ESG Committee providing perspective from across operations.

Validate the potential impact with the ESG Committee and update as needed. Flag with the Audit and Risk Committee any risks or opportunities that are high impact in the short term. Risks will be assessed for integration into the principal risks.

Next steps

Quantify the financial impact of these risks and opportunities on Ceres.

Sustainability continued

Ceres' resilience under different, potential future climates

Risk			Financial impact on Ceres' business	Scenario	Short (to 2030)	Medium (to 2040)	Long (to 2050)	Ceres' actions and opportunities
Transition	Policy and legal risk	Increasing regulation, legislation and carbon pricing on GHG emissions.	Greater costs associated with emissions reduction and monitoring.	1	🟡	🟢	🟢	Ceres pursues carbon abatement through SBTi guided carbon planning. We set a clear strategy to reduce the carbon footprint of our business, assessing and engaging with our supply chain to reduce the carbon intensity of our Scope 3 emissions. Ceres continues to evaluate the global climate regulation and emissions policy landscape.
				2	🟢	🟢	🟢	
				3	🟢	🟢	🟡	
	Policy and legal opportunity	Policy incentives and capital allocation for scaling of clean energy technologies.	Increased funding from public sector and investors to accelerate scaling up of fuel cell and hydrogen technologies.	1	High	High	High	Governments around the world continue to mobilise funds to support the energy transition, such as Japan's commitment to mobilise ¥15 trillion in the next 15 years. Ceres will continue to evaluate funding opportunities and explore partnership to progress our SOEC programme.
				2	Mod	High	High	
				3	Low	Mod	Mod	
	Market risk	Global economic, political and physical disruption increases the cost and availability of resources.	Higher operating costs due to increased price and reduced availability of critical skills, resources and materials.	1	🟡	🟡	🟢	Ceres will engage with our supply chain on climate-related and sustainability risks. We will build a robust procurement strategy to ensure multiple sources of key materials and monitor changes in global sustainability regulations influencing resource availability and cost. Ceres will integrate the implication of climate change into the development of assets and partners while building our skills pipeline for a green energy future.
				2	🟢	🟡	🟡	
				3	🟢	🟡	🔴	
	Reputation risk	Evolving stakeholder perceptions and expectations around climate footprint and business performance.	Lack of transparency and adherence could limit commercial opportunities and threaten access to capital.	1	🟡	🟢	🟢	Ceres will continue to exhibit strong governance and transparent disclosure of ESG performance. Ceres will integrate circular economy principles into design of technology. We will maintain a strong and sustainable shareholder base through our Investor Relations programme.
				2	🟢	🟢	🟢	
				3	🟢	🟡	🟡	
	Technology risk	Uncertainty in market signals due to reliance on incumbent technologies and perceived cost to transition to lower-emission alternatives.	Slower than expected uptake of new technologies due to deprioritisation of decarbonisation, resulting in reduced production and royalties. or limited opportunity for growth due to increased risk aversion supporting competitive electrolyser technologies (e.g. alkaline).	1	🟡	🟢	🟢	Ceres will stay at the leading edge of innovation, with a focus on cost, life and durability, building a flexible technology that meets emissions standards for multiple applications and geographies. Ceres will engage with government to understand expectations and directives surrounding net zero commitments and funding while horizon scanning for future technologies beyond solid oxide.
				2	🔴	🟡	🟢	
				3	🔴	🔴	🟡	
	Technology opportunity	Technology revolution to support the energy transition, requiring huge amounts of renewable energy and green hydrogen.	Prosecute our licensing model to deliver clean energy technology that bridges molecules and electrons.	1	High	High	High	Green hydrogen is predicted to require a minimum of 3,769GW capacity to meet green hydrogen consumption in 2050[1], valued to be a $1.4 trillion market[2]. The sectors most likely to adopt this technology are steel, ammonia and sustainable aviation fuel[1], all of which are highly compatible with Ceres' technology. Ceres works across the value chain to stimulate interest and adoption of our technologies to take advantage of this market opportunity.
				2	Mod	High	High	
				3	Mod	Mod	Mod	
Physical	Acute risk	Increasing frequency of severe climate events.	Impacts on production plants or their suppliers, thus resulting in lost royalties. Increased cost of insurance for physical assets.	1	🟢	🟡	🟡	Ceres will continue to rely on its strong business continuity planning. We will minimise risk through diversification of licence partners and diversification of applications and geographies.
				2	🟢	🟡	🟡	
				3	🟢	🟡	🔴	
	Chronic risk	Increasing temperatures affecting working conditions.	Increased costs of operations to maintain favourable conditions for production. Capital costs associated with retrofitting assets to provide sufficient temperature control.	1	🟢	🟡	🟡	Ceres will integrate the implication of climate change into the development of environmental resilience planning of asset and manufacturing sites in collaboration with partners. Ceres will support the development of strong and localised supply chains for our operations and our partners' operations.
				2	🟢	🟡	🟡	
				3	🟢	🟡	🔴	

Legend for the climate-related risks table:

🟢 Low financial risk

🟡 Moderate financial risk

🔴 High financial risk

Financial impact: Ceres is currently assessing the most appropriate methodology to quantify the financial impact of climate-related risks. We intend to publish this within two years.

Scenario 1: Net Zero 2050 is an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation.

Scenario 2: Delayed Transition scenario assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming below 2°C.

Scenario 3: Current Policies assumes that only currently implemented policies are preserved, leading to high physical risks from a temperature increase of 2.9°C.

1. BNEF. New Energy Outlook 2024. May 2024.
2. Deloitte. Green hydrogen: Energizing the path to net zero. June 2023.

Stakeholder engagement

Considering the interests of our stakeholders is fundamental to the way we operate. Our values and Code of Conduct empower employees to make the best decisions in the interests of the Group and our stakeholders, helping to ensure these considerations are made not only at Board level, but also throughout our organisation.

How our Board understands the interests of our stakeholders

The Board appreciates that effective stakeholder management is crucial in ensuring the success of the business.

The Board receives regular reports from management, which include the interests and concerns of key stakeholder groups, and, where appropriate, the Board engages directly with stakeholder representatives.

The Board continues to review its engagement processes to ensure they best understand how the Company's interests align with those of its stakeholders.

How our Board considers stakeholders' interests in decision making

The Directors act in good faith to promote the success of the Company for the benefit of shareholders, while also considering the impact of their decisions on wider stakeholders and other factors relevant to the decisions being made. As part of the Board's governance process, stakeholder issues are discussed at each meeting. When decisions are made that affect the Company's stakeholders, the Board carefully considers the interests of each stakeholder group concerned.

For examples of how stakeholders' interests have been considered during the year, see the Principal decisions section on page 30.

Stakeholder	Shareholders	Partners and suppliers
Relevance to business model	Capital raised from our equity investors underpins the execution of our business model.	Our commercial licence partners are central to our business model. Our suppliers provide high-quality materials and expertise.
Areas of focus	• Progress against strategy • Financial performance • Long-term prospects • ESG credentials and performance	• Technology development • Scalable, efficient and reliable solutions • Product delivery support • Transparent charging and payment structures
How we engage	• Dedicated Investor Relations function • Investor roadshows and conferences • Results presentations • Share registrars	• Dedicated commercial development and liaison teams • Technical programmes • Procurement specialists • Supply chain verification tools
Board engagement and oversight	• CEO and CFO investor meetings and presentations • Chair attendance at investor meetings • Committee Chair outreach to investors on items with their remit • AGM	• Engagement via representative Directors • Significant contracts • Modern Slavery Statement • Payment practices
Outcomes	**Outcomes of shareholders** • Presenting a compelling investment case • Attracting sustainable and green investment • Understanding the interests of our investor base	**Outcomes of partners and suppliers** • Developing a robust commercial pipeline • Understanding partner objectives and end user needs • Ensuring ethical standards in supply chains

Stakeholder engagement continued

Stakeholder

Employees

Relevance to business model
Our employees provide the expertise required to develop our technology to meet the commercial needs of our partners.

Areas of focus
- Culture and values
- Pay and benefits
- Diversity and inclusion
- Professional development

How we engage
- Monthly "All hands" meetings
- All employee events
- Employee pulse surveys and feedback
- Employee forum "Connect"
- Continuous training and development programmes
- Apprenticeship programmes

Board engagement and oversight
- Employee Engagement Director
- ESG Committee participation
- Roundtable lunches with Chair
- Oversight of cultural feedback mechanisms

Outcomes of employees
- Embedding Ceres' culture
- Talent attraction/retention/development

Industry

Relevance to business model
The industries that comprise the end users of and provide the demand for the products produced using our technologies.

Areas of focus
- Technological advancements
- Industry energy needs

How we engage
- Participation in industry conferences
- Publication of white papers
- Thought leadership
- Collaborations with academic and research institutes

Board engagement and oversight
- Thought leadership by Board subject matter experts
- Participation in Company and industry events
- Regular reports from management

Outcomes of industry
- Deep Board-level knowledge of industry developments
- Enhanced evaluation of risks and opportunities

Government, legislators and regulators

Relevance to business model
The governments, legislators and regulators driving the global agenda and demand for cleaner energy sources.

Areas of focus
- Climate change
- Technology for cleaner energy
- Compliance with legislation and regulation

How we engage
- Forums, meetings and conferences
- Panel discussions

Board engagement and oversight
- Board training
- Regular updates from management
- Subject matter experts on the Board

Wider society

Relevance to business model
The people and communities which will ultimately benefit from the use of our technologies.

Areas of focus
- Facilitating clean energy production

Outcomes of government, legislators and regulators and wider society
- Driving the clean energy agenda
- Contributing to global innovation
- Applying Ceres technology to benefit wider society

Section 172(1) statement

Throughout the past year, the Board of Directors has continued to promote the long-term success of the Company while also having due regard to the matters set out in Section 172(1) of the UK Companies Act 2006.

Directors have had regard to those specific factors listed below, as well as others that are relevant to the decisions being made. The Board acknowledges that not every decision may result in a positive outcome for all stakeholders. By considering our purpose, values and strategic priorities, the Board aims to ensure that decisions are consistent and intended to promote the Company's long-term success.

The Company continued engaging with key stakeholders throughout the year to deepen its understanding of the issues and factors that are significant to them. Our key stakeholders are listed in the Stakeholder engagement section of the Strategic Report (see pages 27 to 28). Here we identify the relevance of each stakeholder to our business model and describe areas of focus, how the Company engages with them, Board oversight and the outcomes of engagement. Details of how the Directors discharged their Section 172(1) duties when making principal decisions during 2024 are set out on page 30.

S172(1) summary

S172(1) factor	Relevant disclosure
a. Likely consequences of any decisions in the long term	• Chair's statement (page 6) • CEO's statement (page 8) • CFO's statement (page 35) • Emissions and energy reporting (page 21) • Stakeholder engagement (page 27 to 28) • Principal decisions during the year (page 30)
b. Interests of the Company's employees	• Employee engagement (pages 28, 55, 57) • Diversity (page 19) • Stakeholder engagement (page 27 to 28) • Health and safety (page 19) • Principal decisions during the year (page 30)
c. Need to foster the Company's business relationships with suppliers, customers and others	• Stakeholder engagement (page 27 to 28) • Modern Slavery Statement (website) • Principal decisions during the year (page 30)
d. Impact of the Company's operations on the community and environment	• Our purpose (page 2) • Business model (page 31) • TCFD (page 22)
e. Desirability of the Company maintaining a reputation for high standards of business conduct	• Business model (page 31) • Principal risks and uncertainties (page 39) • Corporate governance report (page 52) • Audit and Risk Committee Report (page 58) • Code of Conduct and Business Ethics (website)
f. Need to act fairly between the members of the Company	• Share capital and rights attached to shares (page 90) • Corporate governance report (page 52)

Section 172(1) statement continued

Principal decisions during the year

The needs of our different stakeholders as well as the consequences of any decision in the long term are carefully considered by the Board. This includes those decisions that involve the competing interests and priorities of our key stakeholders. The Board acknowledges its overriding duty to promote the success of the Company and recognises that conflicts between differing interests will often arise. More information on Section 172(1) can be found on page 29.

Ceres defines principal decisions as those that are material or strategic to the Group and significant to any of our stakeholder groups. We detail below how the Board factored stakeholders into principal decision making during 2024. The Board carefully considered how each decision promoted the long-term success of the Group, its financial and non-financial impacts, and had due regard to the other matters set out in s172(1)(a) to (f) of the Companies Act 2006.

Links to strategy

1. Licensing technology leadership
2. Commercial acceleration
3. Execution at pace

Links to stakeholders

- Shareholders
- Partners and suppliers
- Employees
- Industry
- Government, legislators and regulators
- Wider society

Principal decisions

Entry into major licence agreements

The Board was delighted to support the Company's entry into three major new licensing contracts in 2024. Thermax, Denso and Delta licence agreements will apply Ceres proprietary technology to produce solid oxide electrolyser cells and systems for hydrogen production, and in certain cases fuel cell applications.

In support of the decision-making process, the Board maintained oversight of negotiations, receiving regular updates from management from initial discussions to the final contracting stages. The Board considered the value prospective licence partners would bring to the business as world-class developers and manufacturers in their respective markets, their alignment with the Company's purpose, strategic goals and consistency with our business values.

The Board was fully satisfied that these strategic partnerships would promote the success of the Company over the long term for the benefit of the Company's investors and other principal stakeholder groups.

Links to strategy

1 2 3

Links to stakeholders

Shareholders, Partners and suppliers, Employees, Industry, Government, legislators and regulators, Wider society

Organisational simplification and right-sizing

The Board considered and approved management's proposals to reduce long-term costs by simplifying the organisational structure and right-sizing the employee base.

Simplification of the organisation streamlined the management layer and removed non-essential roles tailoring the employee base to the needs of the business going forwards. This meant reducing employee numbers by 80, a process that was completed in October 2024.

The Board, having considered the potential benefits of proposals to the business and the impact on affected employees, determined that proposals would result in significant costs savings, optimise Ceres' positioning for future growth and were necessary steps to promote the long-term success of the Company.

Through updates received from management, the Board was satisfied that redundancies were made with respect and in line with the Group's culture and values, with the aim of mitigating the impact on those employees affected.

Links to strategy

2 3

Links to stakeholders

Shareholders, Employees

Business model

Asset-light licensing business model

The Ceres business model is based on our leading solid oxide technology platform, which can be used to generate power efficiently from a range of different fuels and to produce green hydrogen when coupled to renewable energy. This technology and its manufacturing process are highly protected by patents, trade secrets and know-how, enabling the Company to operate an asset-light licensing business model. By working in partnership with licensees who have the scale and expertise to mass manufacture solid oxide products, together we can accelerate the decarbonisation of a variety of key industries.

Our competences

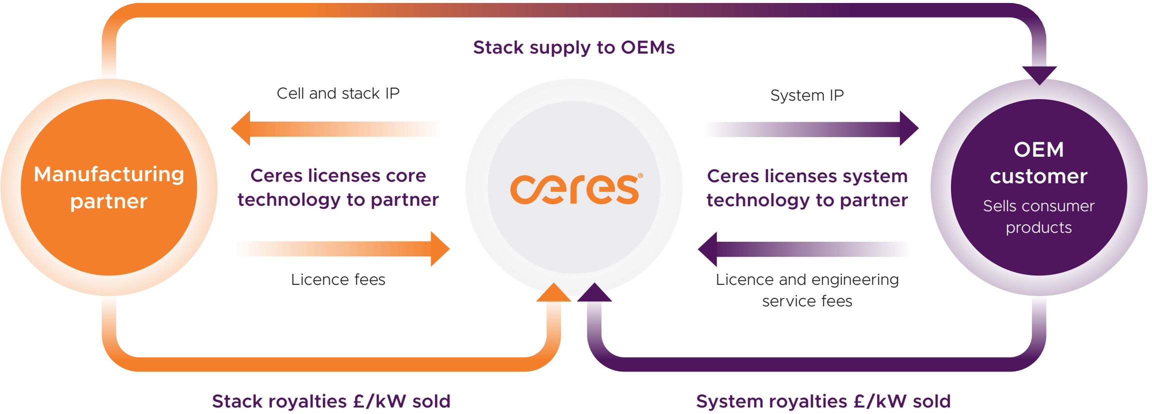
Read more on our technology on page 12

Stay ahead on technology through continuous innovation and investment in R&D.

Enable manufacturing partners to establish global supply to meet this demand.

Enable system partners to embed the technology into as many applications as possible.

How we create value



Read more on our website

www.ceres.tech

How our business model works

Ceres has an asset-light licensing business model that combines engineering excellence with manufacturing precision to build high-quality clean technology. Ceres licenses our cell and stack IP to manufacturing partners for mass production. Additionally, Ceres licenses system IP. The stacks are integrated into systems, which are sold to end markets.

Ceres earns revenue by licensing its technology to new partners, through engineering services, technology hardware to support those partners develop factories for mass production, and royalties when commercial scale is achieved. Once our partners reach commercial scale, Ceres will receive a royalty payment for every kW of product sold to the end market, providing high-margin revenue.

Ceres maintains a strong R&D programme to preserve its technological edge while our licence partners provide the industrialisation and manufacturing skills and marketing capabilities required to enter the rapidly evolving landscape of clean energy.

Business model continued

Creating value for our partners

We work in close partnership with global mass market manufacturers, leveraging our best-in-class fuel cell and electrolyser technologies with their manufacturing expertise, resources and market presence to accelerate commercial decarbonisation opportunities.

Ceres' value proposition

Highly competitive technology

Ceres' unique, inherently reversible and fuel flexible solid oxide technology reduces cost while maximising efficiency, resulting in highly competitive total cost of ownership for the end user.

Access to untapped markets

As the global energy system evolves, Ceres' cutting-edge technology supports greater electrification of our energy systems and generates green hydrogen at high efficiencies, supporting the decarbonisation of incumbent industries that are dependent on fossil fuels today.

Accelerated market entry

Licensees can adopt our technology quickly and enter new markets for hydrogen without lengthy and expensive research and development times thereby capitalising on Ceres' more than 20 years of experience in cell and stack development to continuously advance solid oxide technology.

Leveraging world-leading R&D resources

Licensees don't need to spend resources on acquiring technology capabilities but can instead focus on their own core business strengths. By using commonly found materials, our technology can be mass produced at low cost with a limited carbon footprint.

Strategy

A clear strategic vision

Our strategy is to pioneer advanced technologies and embed them in the products of world-class companies to meet their strategic imperative to transform to clean energy. Our strategy is based on the three drivers below, with a goal to secure a leading market share of the global solid oxide industry.

Read more on risks, please see page **39**

Links to KPIs

1. Revenue
2. Gross margin
3. Cash outflow (at 31 December)
4. Stack manufacturing partners
5. Partner programmes delivery
6. Demonstrate SOEC

Links to risks

1. Viability of technology
2. Operational capability
3. IP and regulation
4. Long-term value proposition
5. Commercial traction/partner performance
6. Partner scale-up/supply chain
7. Cyber security
8. Geopolitical
9. People and capability
10. Future funding and liquidity

1 Licensing technology leadership

We maintain our technology leadership in both SOFC and SOEC and drive further innovation.

- We continue to innovate our IP for both fuel cells and electrolysers and release next-generation stack technology.
- We engage in technology demonstrations and data-sharing initiatives that offer evidence of the benefits of Ceres' SOFC and SOEC technology.

Links to KPIs

1 2 3 4 5 **6**

Links to risks

1 2 **3** **4** 5 6 7 8 **9** 10

2 Commercial acceleration

We create commercial scale by generating more demand though increasing commercial partnerships and licences.

- We aim to secure manufacturing licence partners to address multiple applications and markets.
- We engage with companies throughout the value chain to drive demand for Ceres' technology in both fuel cell and hydrogen applications.

Links to KPIs

1 **2** **3** **4** 5 6

Links to risks

1 2 3 4 **5** 6 7 **8** 9 10

3 Execution at pace

We aim to support our manufacturing partners to start mass production by 2025 onwards.

- Ceres has supported the development of three manufacturing sites globally, in UK, Germany and South Korea, with Doosan moving towards mass market launch.
- We continue to work with system partners in both fuel cells and electrolysers to develop innovative products to bring to market.

Links to KPIs

1 **2** 3 4 **5** 6

Links to risks

1 **2** 3 4 5 **6** 7 8 9 10

Key performance indicators

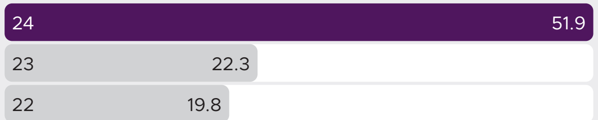
Our key performance indicators

Links to strategy
1 Licensing technology leadership
2 Commercial acceleration
3 Execution at pace

Financial KPIs

1 Revenue

£51.9m



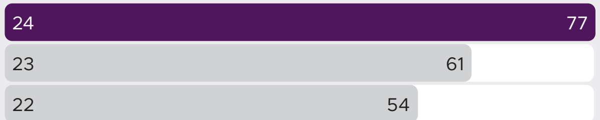
Description

Revenue of £51.9 million in 2024, compared with £22.3 million in the prior year. The 132% growth can be mostly attributed to revenues generated from the new licence partners as upfront technology transfers were conducted.

Links to strategy: 1 2 3

2 Gross margin

77%



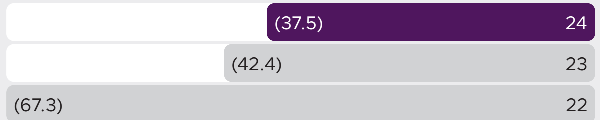
Description

Gross margin of 77% is an improvement on prior year margin of 61%. These margins remain much higher than industry norms due to the licensing nature of Ceres' business model.

Links to strategy: 1 2 3

3 Cash outflow (at 31 December)

£(37.5)m



Description

"Cash outflow" relates to the movement in cash and investments excluding the equity fund raise conducted in 2021.

Links to strategy: 1 2 3

Non-financial KPIs

4 Stack manufacturing partners

2024 performance

Two new stack licence partners secured in the year, bringing a total of three under licence.

Description

Announced stack manufacturing partners under licence.

Links to strategy: 1 2 3

5 Partner programmes delivery

2024 performance

Doosan factory commissioning for SOFC production is progressing towards commercial launch, expected in H2 2025. Delta and Denso have received the upfront tech transfer, enabling them to make progress towards factory launch. Weichai and Shell continue to progress with key product milestones achieved in 2024, including new higher power stack and system development.

Description

We aim to ensure that our manufacturing partners start mass production as planned.

Links to strategy: 1 2 3

6 Demonstrate SOEC

2024 performance

The 1MW demonstrator has been successfully installed at Shell's Bangalore facility and is ready to be turned on to produce green hydrogen. Key learnings and data from this demonstration project will be used to develop a commercially competitive and scalable solution.

Description

The Ceres team is focused on the next SOEC product concept for a 10MW modularised system, which would facilitate larger-scale installations.

Links to strategy: 1 2 3

Chief Financial Officer's statement

Record revenues and three new partners generating long-term value

"I'm honoured to join Ceres in this year of acceleration. The agreements with Delta, Denso and Thermax further validate the investments made in R&D over the past few years. The restructuring exercise ensures that Ceres has an optimised cost base to deliver the strategy of accelerating the adoption of Ceres technology in the global solid oxide industry. Ceres will enhance its strong balance sheet by maintaining its asset-light model and continuing to apply rigour to its cash management."

Stuart Paynter
Chief Financial Officer

Highlights

- Record order intake of £113 million (2023: £17 million) due to the signing of two new manufacturing partners and an electrolyser systems partner
- Revenue of £51.9 million (2023: £22.3 million)
- Gross profit of £40.2 million (2023: £13.6 million), with sector-leading gross margin of 77% (2023:61%)
- Restructuring completed in the second half of the year, which will reduce the cost base from 2025
- Cash and short-term investments were £102.5 million (2023: £140.0 million), in line with expectations

Chief Financial Officer's statement continued

£51.9m
Revenue
(2023: £22.3m)

£(22.3)m
Adjusted EBITDA loss (page 38)
(2023: £(50.3)m)

77%
Gross margin
(2023: 61%)

£(37.5)m
Cash outflow (change in cash and short-term investments)
(2023: £(42.4)m)

£48.5m
Research and development costs
(2023: £54.0m)

£102.5m
Cash and short-term investments
(2023: £140.0m)

Introduction

2024 was a record year for Ceres with two major manufacturing licence deals and an electrolyser systems licence announced, enabling near-term licence and support revenue with future royalty generation. This, along with the continued execution of existing agreements, has led to record revenue of £51.9 million (2023: £22.3 million).

During 2024, Ceres continued its strategic investment in core technologies to drive future growth. With peak investment in technology development milestones reached in 2023, we implemented a restructuring to optimise our cost base. This streamlining of the business now allows us to focus on further commercialisation.

Consolidated statement of profit and loss

for the year ended 31 December 2024

	2024 £'000	2023 £'000
Revenue	**51,891**	22,324
Cost of sales	**(11,727)**	(8,770)
Gross profit	**40,164**	13,554
Gross margin	**77%**	61%
Other operating income	**2,846**	3,665
Operating costs	**(74,327)**	(76,620)
Operating loss	**(31,317)**	(59,401)
Finance income	**5,807**	7,079
Finance expense	**(362)**	(1,287)
Loss before taxation	**(25,872)**	(53,609)
Taxation charge	**(2,433)**	(399)
Loss for the financial year	**(28,305)**	(54,008)

Reporting on the results

Revenue

The Group reported revenue of £51.9 million in 2024, compared with £22.3 million in the prior year. The 132% growth can be mostly attributed to revenues generated from the new licence partners as upfront technology transfers were conducted. Revenue is a combination of technology transfers, development licences, engineering services and the provision of technology hardware. Revenue from the previously announced Shell test evaluation partnership will commence once the demonstrator is commissioned at Shell's site in Bangalore, India in Q2 2025.

Gross margin

Gross profit of £40.2 million in the year grew by 196% from £13.6 million in 2023, driven by high-margin technology transfers conducted with the new licence partners. Consequently, gross margins were also improved at 77% (2023: 61%), compared to the prior year. These margins remain much higher than industry norms due to the licensing nature of Ceres' business model.

Other operating income

Other operating income decreased in the year to £2.8 million (2023: £3.7 million), which reflects the level of RDEC (R&D Expenditure Credits) claimed in the year compared to the prior year. This is driven by the lower underlying R&D spend as Ceres has passed peak investment in technology development.

Operating costs

Operating costs decreased to £74.3 million (2023: £76.6 million) as Ceres sustained its strategic investment in core technologies to drive future growth, focusing on electrolysis-optimised stacks and industrial-scale electrolyser systems. This was achieved alongside disciplined financial management, with a restructure implemented in the second half of the year following peak investments in the delivery of key technology development milestones and focus on further commercialisation. These cost savings were offset in the year by a one-off commercial expenditure in market research. Following the restructure, the average number of persons employed by the Group in the year decreased to 546 (2023: 590), ending the year with 478 employees.

Finance income and expense

Finance income decreased to £5.8 million (2023: £7.1 million), which reflects continued strong interest rates on our bank deposits and short-term investments in money market funds with a lower average cash position. We maintain a stringent Treasury Policy to balance appropriate market returns with the security of funds including only high investment grade, and diversification of, financial institutions. Finance expense decreased to £0.4 million (2023: £1.3 million) mostly due to foreign exchange losses in 2023 of £0.8 million on currencies held in non-Sterling denominations which matured and therefore did not impact 2024.

Taxation (charge)/credit

Taxation charge increased to £2.4 million (2023: £0.4 million) and reflects recognition of withholding taxes from overseas earnings. The increase can be attributable to the new manufacturing licence partners acquired in the year.

Loss for the financial year

The Group posted a loss of £28.3 million (2023: £54.0 million) for the period, which reflects the increase in revenue and gross margin compared to 2023.

Adjusted EBITDA

Adjusted EBITDA loss for 2024 decreased to £22.3 million (2023: £50.3 million). Adjusted EBITDA is a non-statutory measure and is detailed in the Alternative Performance Measures section in this review. The decreased loss is primarily due to the increased revenue explained above.

Chief Financial Officer's statement continued

Reconciliation between operating loss and Adjusted EBITDA

Management believes that presenting Adjusted EBITDA loss allows for a more direct comparison of the Group's performance against its peers and provides a better understanding of the underlying trading performance of the Group by excluding non-recurring, irregular and one-off costs. The Group currently defines Adjusted EBITDA loss as the operating loss for the year excluding depreciation and amortisation charges, share-based payment charges, unrealised losses on forward contracts and exchange gains/losses.

	2024 £'000	2023 £'000
Operating loss	**(31,317)**	(59,401)
Depreciation and amortisation	**8,029**	9,126
Share-based payment charges	**964**	67
Exchange gains	**136**	(232)
Unrealised losses/(gains) on forward contracts	**(99)**	143
Adjusted EBITDA	**(22,287)**	(50,297)

Key cash flow financial measures

	2024 £'000	2023 £'000
Total capital investments (capital expenditure and capitalised development)	**6,743**	14,722
Working capital (increase)/ decrease	**(15,711)**	10,023
Change in cash, cash equivalents and investments	**(37,491)**	(42,364)
Cash, cash equivalents and short-term investments	**102,465**	139,956

Total capital investments

Total capital investments comprises capital expenditure (plant, property and equipment) and capitalised development (intangible assets). In 2024, total capital investments declined to £6.7 million (2023: £14.7 million) mostly due to reducing investment requirements for our Manufacturing Excellence Centre in Redhill and a prioritisation of spend as we emphasised cash discipline during the year.

Working capital movements

During 2024, working capital increased by £15.7 million (2023: £10.0 million decrease). The two main factors were a £10.6 million increase in trade and other receivables, primarily due to significant partner invoice payments received in early 2025, and an £3.4 million net increase in contract assets and liabilities, reflecting revenue recognition from technology transfer activities with our new partners in 2024. Our continued focus on aligning pilot plant production with partner demand ensured that inventory levels remained stable.

Cash outflow

Cash outflow, comprising changes in cash, cash equivalents and short-term investments, totalled £37.5 million (2023: £42.4 million). This reduction reflects increased commercial activity and a focused approach to spending, partially offset by higher working capital requirements.

Cash, cash equivalents and short-term investments

The Group ends the financial year in a strong position with £102.5 million in cash, cash equivalents and short-term investments (2023: £140.0 million) to support future investment as we drive revenue growth, manage costs in a disciplined way and track towards profit and cash flow break-even.

Events after the balance sheet date

In February 2025, Bosch took the strategic decision to cease its development on SOFC cell and stacks for manufacture. Bosch stated that this decision is part of broader revised strategic direction and does not reflect Bosch's confidence in Ceres or our technology. Clearly we are disappointed that Bosch will discontinue its SOFC operations, but the impact on revenues will only be in the low single digit millions of euros for 2025.

Outlook

We end 2024 with a strong financial position and are well placed for significant growth in the future from existing licensees and future partnership prospects in both the SOFC and SOEC markets. We continue to invest across the business to build a sustainable competitive advantage in highly differentiated solid oxide technology, which offers our partners the potential to industrialise and commercialise stacks and systems with superior efficiencies, reliability and economics for the low-carbon power generation and green hydrogen markets.

Stuart Paynter
Chief Financial Officer
20 March 2025

Principal risks and uncertainties

Understanding and mitigating our risks

Risk management process

The responsibility for the daily oversight and mitigation of risk is delegated to management. The Chief Financial Officer is responsible for the overall management and mitigation of financial, operational, reputational and regulatory risks. The risk management and internal controls framework encompasses risk identification, evaluation, mitigation and review processes both bottom up at operational level, and top down at management level. Risks identified are recorded in a central risk register, which is overseen by the Executive Committee, senior management and project teams as an integral part of the day-to day running of the business.

An in-depth analysis of the risk environment is conducted bi-annually. Both inherent and mitigated risks are assessed to determine whether further mitigating actions are needed to reduce the risks to an acceptable level. Each risk is assigned to an Executive owner responsible for ongoing monitoring and mitigation. In 2025, the process will be strengthened through quarterly business and risk review meetings, facilitating enhanced horizon scanning for emerging risks and opportunities.

Risks which are determined to have a potentially material impact on the Company's business model, future performance, viability or reputation are reported as principal risks. Principal risks are reported and discussed regularly at the Audit and Risk Committee (ARC) and with the Board.

The Group's risk management and internal controls framework provides reasonable, but not absolute, assurance that risks are managed to an acceptable level. ARC assists the Board in ensuring that the risk management and internal control framework is established and maintained and reviews its operation and effectiveness. For further details on ARC see page 58.

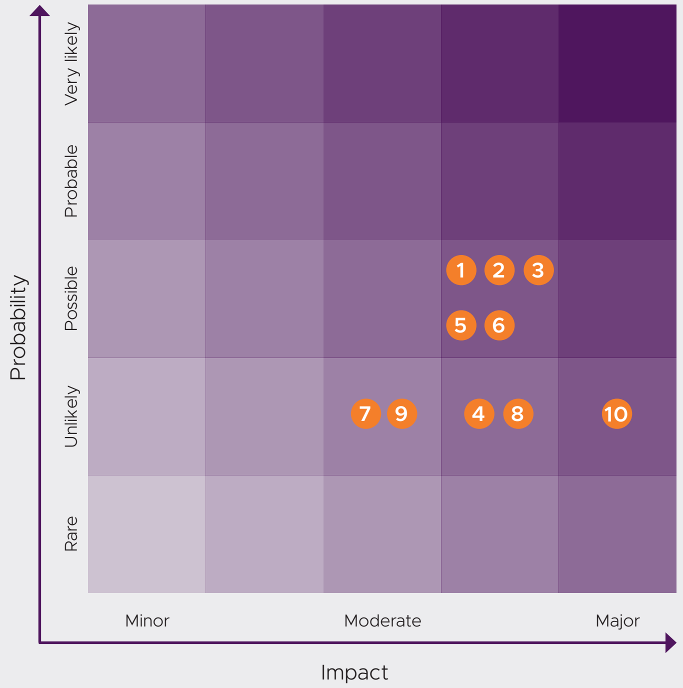
Principal risks and uncertainty matrix

Following a review of principal risks during the year, it was deemed appropriate to introduce cyber risk as a new principal risk. The Directors have also determined that the risk of detrimental partner actions has reduced and is no longer considered a principal risk.

Beyond these, our business has other operational risks that we manage as part of our daily operations, such as health and safety, environmental, financial, commercial, legal, and regulatory. Finance risks are discussed in Note 19 of the financial statements.

To facilitate meaningful comparison of the relative importance of the principal risks and uncertainties at a Group level, these have been mapped onto a probability and impact matrix shown below.

Principal risks and mitigation actions are set out in the table on pages 40 to 42. Based on the risk management process described above, these are the principal risks the Board believe have the greatest potential to impact the Group's future viability. This summary is not intended to include all risks that could ultimately impact our business and delivery of strategic objectives, and the risks are presented in no particular order.



Risk heatmap

1. Viability of technology
2. Operational capability
3. IP and regulation
4. Long-term value proposition
5. Commercial traction/ partner performance
6. Partner scale-up/ supply chain
7. Cyber security
8. Geopolitical
9. People and capability
10. Future funding and liquidity

Principal risks and uncertainties continued

Trend directions

▲ Increasing ▼ Decreasing ◀▶ Unchanged

Links to strategy

1 Licensing technology leadership 2 Commercial acceleration 3 Execution at pace

Principal risks	There is a risk that...	Actions taken by management/mitigations	Change	Link to strategy
1. Viability of technology	We will not be able to develop and apply the Group's technology successfully to potential products at the right cost point or performance in the timeframe anticipated.	Management is working to achieve agreed performance levels and cost points under ongoing programmes, with full resources and facilities deployed to meet milestone requirements. The first SOEC demonstrator was installed at Shell's site in Bangalore in 2024 and is now ready to produce hydrogen and to deliver important test and performance data. In parallel, development of modular, commercial-scale electrolysers continues to progress.	◀▶	3
2. Operational capability	The Company may be unable to satisfy current customer contracts and demand with an increasingly complex partner structure. This may be due to lack of organisational growth management, testing capacity and short-term manufacturing or technical issues.	We have reinforced our engineering and supply chain teams and established additional processes to support growth. The core materials used to undertake technology transfer have been serialised to optimise reuse in new engagements. The procurement and supply team regularly reviews the increasing supply chain complexity to ensure that scale-up and validation can be achieved.	◀▶	3
3. IP and regulation	The Company's competitive advantage could be at risk from: successful challenges to its patents; unauthorised parties using the Group's technology in their own products; Ceres not harvesting IP from partners; and others infringing existing Ceres intellectual property rights (IPRs). Also, a risk that the Group will unwittingly infringe valid IPRs of others, which could limit full commercialisation of the technology.	We have internal procedures and controls in place to capture and exploit all IP as well as to protect, limit and control disclosure to third parties and partners. Contractual provisions with partners and IP insurance provide additional protection to the Group for agreement, pursuit and defence of IP. We perform freedom-to-operate searches to minimise this risk.	▲	1

Trend directions

Increasing Decreasing Unchanged

Links to strategy

1 Licensing technology leadership 2 Commercial acceleration 3 Execution at pace

Principal risks	There is a risk that...	Actions taken by management/mitigations	Change	Link to strategy
4. Long-term value proposition	The value proposition of our technology may become eroded or irrelevant, impacting on the Group's future profitability and growth opportunities. We may not be successful in our research and development efforts and may not be able to create new intellectual property.	We address different geographical markets, which we believe will decarbonise at different rates, and we are broadening the applications available, mitigating failure in a single market or product. We monitor competitor activity and market developments to identify partner and end user future requirements. We have dedicated resources for pursuing disruptive innovation, and continue to develop our university network.	Unchanged	1
5. Commercial traction/partner performance	Our partners may choose not to use our technology in their products or go to market slower than anticipated. We may not be able to continually attract new partners. We may be unable to finalise a strategic partnership to access China markets. We may be unable to establish SOEC as a credible technology, in part due to the competition risk.	We work closely with all partners to achieve targeted factory launch dates. Our commercial progress is continuing with expansion across regions and applications, with the signing of three new licences in the year. We plan to ensure SOEC leadership through development, demonstrations and partnerships, with the first 1MW-scale electrolyser installed at Shell in India in 2024 and is now ready to produce hydrogen and deliver important test and performance data. We have invested to expand our commercial teams in key geographies to align with the greatest interest and support for hydrogen and fuel cell technologies.	Increasing	2
6. Partner scale-up/ supply chain	We may not be able to meet the timeframes agreed with the partners for the market launch of the Company's technology, for example due to supply chain issues, or stack product maturity not keeping up with commercialisation, or technology not meeting requirements.	We continue to work in close collaboration with partners in their trials and early market launches and are on track to meet all existing licence partner factory start of production dates with mature stack design releases. Our supply chain is periodically reviewed for at-risk supply based on either sensitive location or single source and alternative or additional suppliers are then sought and put in place. We remain vigilant of ESG risks within our operations and supply chain. Partners are realising efficiencies available from localising a larger proportion of the bill of materials, further diversifying the supplier pool.	Increasing	3

Principal risks and uncertainties continued

Trend directions

Increasing Decreasing Unchanged

Links to strategy

1 Licensing technology leadership 2 Commercial acceleration 3 Execution at pace

Principal risks	There is a risk that...	Actions taken by management/mitigations	Change	Link to strategy
7. Cyber security	A cyber attack or breach of system security could disrupt our operations, cause the loss of, destruction of, or unauthorised access to sensitive IP and trade secrets.	The Company adopts a proactive, multi-layered strategy to manage and mitigate cyber security risks, safeguarding its systems and data to support business continuity and protect stakeholder interests. This includes ongoing investment in the information security framework, covering areas such as continuous monitoring, employee training, data encryption, regular back-ups, incident response planning, infrastructure enhancements, and periodic progress audits.	New principal risk for 2024.	1
8. Geopolitical	The Company or our partners may be unable to conduct business in certain geographies, or supply chains become disrupted due to warfare or sanctions.	Ceres has a global commercial strategy that considers opportunities and looks to mitigate risks. Risks include increased tensions in partner territories in Asia, with potential future conflicts which may disrupt their ability to conduct business.		2
9. People and capability	A loss of key personnel or inability to attract required skillsets could negatively impact our ability to innovate and maintain a competitive advantage.	Our organisation structure and skills matrix are continually reviewed to ensure we have the correct mix of skills across all areas. Succession planning is in place and information capture/IP harvesting continuously occurs to minimise the impact of any individual leaving. An employee share scheme is in place with high take-up, and for key personnel a long-term incentivisation plan is in place to support the retention of key personnel. Other aspects of reward strategy are periodically reviewed to ensure we are competitive with the wider market.		1
10. Future funding and liquidity	Failure to acquire new customers would impact the forecast cash position of the Company, potentially requiring further external funding. An equity fundraise at a low share price may negatively impact shareholder value.	We have a continuous cycle of cash flow monitoring, forecasting, performance reporting and scenario planning. The nature of our licensing business model is asset light and high gross margin, which enables us to scale activities rapidly to address changing market conditions. This provides us with the necessary flexibility and resilience to manage our liquidity in a robust and efficient manner. Proactive investor communications and management strategy are in place to support the equity story for potential future fundraising.		1 2 3

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Directors have assessed the future viability of the Group over a period longer than 12 months. The Directors believe a period of three years is sufficient as a viability assessment period as it represents a period in which management can make reasonable estimates of future Group performance and financial position.

Viability assessment period

Considering the uncertainties inherent to the Group's operations as well as the medium-term planning, the Board concluded that a viability assessment over a three-year period provides a robust and realistic evaluation of the Group's future performance. The Directors have carried out this viability assessment over a period of three years for the following reasons:

- It represents a balance between an appropriate need to plan for the longer term and uncertainties in financial projects when considering a period of greater than three years;
- It is broadly in line with the timeframes of large collaboration and licence agreements; and
- It is appropriate for the current stage of development of the Group and gives an opportunity to reasonably assess the decisions around the Group's capital structure and funding based on implementing its major strategic objectives (described on page 33) and progress made with collaboration partners.

Assessment of prospects

The Group's viability assessment is built through integration of the principal risks and uncertainties (described on pages 39 to 42) into a financial model with scenarios, based on the elements of corporate planning and modelling process, which includes:

- Annual budgeting and forecasting process incorporating preparation of an annual budget for the following year, which is reviewed and approved by the Board, and followed up with periodic forecasts, which are monitored by senior management and the Board; and
- Future planning based on a central three-year financial projection, using management's internal estimate of contract intake formed on current expectations of the outturn of existing contracts and reasonable expectation of new licence and collaboration agreements.

The Directors regularly assess the Group's prospects and progress against the strategic objectives set out in its strategic plan. The strategic plan is built around a base case scenario in order for the Directors to assess both the Group's liquidity and solvency positions, along with adequacy of funding. Sensitivity analysis of the base case assumptions underlying the plans is also carried out. The plans are approved by the Directors and financial budgets and KPIs are subsequently used to monitor performance during the year via periodic reviews.

In its assessment of the Group's prospects, the Board has considered the following:

- The Group's strategy and how it addresses expectations of changing macroeconomic environments;
- The Group financial position;
- The commercial viability of the Group's technology and commercial traction; and
- Competition, intellectual property exposures and the Group's regulatory environment.

Viability statement continued

Assessment of viability

To assess the Group's viability, different scenarios were modelled by considering the potential impact of individual principal risks and possible combinations as shown below. In total, four severe but plausible individual scenarios have been created, with the fifth collective scenario which considers the combined impact of scenarios 1–4 to model the absolute worst-case scenario for the business. All the scenarios identified could, in theory, combine with varying levels of impact.

The Group's principal risks and uncertainties, evaluation of the management of those risks and internal controls in place are discussed on pages 39 to 42.

Scenario 1 – Core technology demand delayed

Ceres' operations become subject to a material reduction in short-term demand for the technology either as a result of the technology not performing to the expected levels or our partners choosing not to use our technology in their products.

Stress test applied: Failure to acquire any new licence partners in 2025, but from 2026 demand trends back towards one partner per year.

Financial impact: Reduced high-margin licence revenue recognition in 2025 when compared to base case budget. The recoverability will be quick as the demand trends back to target as licence revenue on signing new agreements is recognised upfront on transfer of technology. Gross margin in 2025 would be below levels seen in 2024, but would improve quickly in line with revenue. No cost-saving mitigations would be required as long-term viability is not threatened under this scenario.

Links to principal risks

1 2 3 4 5 6 7 8 9 10

Scenario 2 – Commercialisation of Ceres' technology delayed

Timeframes for commercial product launch of Ceres' technology with key partners is slower than expected or materially disrupted. For example, the technology does not translate to large-scale production or partners are unable to sell their planned production volumes.

Stress test applied: Royalty build-up projections delayed by one year.

Financial impact: Revenues over the viability period would be impacted by c£4 million. High-margin licence revenue would still be recognised as the assumption would remain consistent with the Company's base case budget. There would be no cost-saving mitigations required.

Links to principal risks

1 2 3 4 5 6 7 8 9 10

Scenario 3 – Failure to fully execute SOEC strategy or limited addressable market

The market for SOEC is immature and the total addressable market is based on a forecast. It could also unfold that the market for green hydrogen may mature more slowly than anticipated. Also, Ceres' SOEC technology demonstrator may fail to deliver on expected performance characteristics (e.g., degradation rates). Both of these risks could impact the timing of new SOEC licence partners.

Stress test applied: Failure to acquire budgeted SOEC licence partners in 2025 and 2026.

Financial impact: Impacts all periods within the viability assessment, top-line revenue will be £16–26 million down per year when compared to the Group's base case budget. Throughout the assessment period the Group's adjusted EBITDA is loss making. Discretionary spend would be cut to save 15% of operating costs. However, external funding would not be required for the Group to remain viable.

Links to principal risks

1 2 3 4 5 6 7 8 9 10

Scenario 4 – Breach of IP and confidence lost in Ceres

Ceres' IP and/or trade secrets are breached or stolen, and the perpetrator develops and markets products using our IP, which could materially impact Ceres' competitive advantage.

Stress test applied: No partners from 2026 as potential partners consider the value proposition and competitive advantage of Ceres to be undermined; additional costs from defence and remedial actions.

Financial impact: 2025 will remain at budgeted levels; however, no new licence partners for 2026 and 2027 would impact revenue by c£50 million, with the impact to gross margin being just as severe. The cost to defend Ceres' competitive advantage would be material and other significant cost-saving measures would be needed to keep the business from increasing EBITDA losses and remain viable.

Links to principal risks

1 2 3 4 5 6 7 8 9 10

Viability statement continued

Combination of scenarios 1–4

This represents a severe downside scenario combining the above risks and would represent a demand and operational shock.

Stress test applied: The Group's reverse stress test where the long-term viability is no longer possible, no new partners from 2025, royalties from existing partners delayed, additional costs from IP defence.

Financial impact: A highly unlikely worst-case scenario, but revenue, margin and EBITDA would be materially impacted, revenue as much as £85 million down over the assessment period when compared to base case budget. Discretionary spend would need to be significantly cut and external funding would be sought in order for the business to remain viable.

Links to principal risks

1 2 3 4 5 6 7 8 9 10

Conclusion on viability

The scenarios above are hypothetical and purposefully severe in order to create outcomes that have the ability to threaten the viability of the Group. It is considered unlikely, but not impossible, that the occurrence of these risks could test the future viability of the Group.

None of the scenarios modelled, including the more extreme and unlikely aggregated scenario, were found to threaten the viability of the Group over the period of assessment. In assessing each of the scenarios, mitigating actions were taken into account including:

- Reducing discretionary operating spend and prioritising spend critical to the success of SOEC;
- Reducing non-committed capital expenditure;
- Reducing development spend to the minimum required to maintain the Group's IP portfolio;
- Reviewing headcount, freezing recruitment and reducing incentive-based remuneration; and
- External funding in the most severe downside scenario.

Based on the assessment of the current position of the Group, the principal risks as set out on pages 39 to 42 and the scenarios assessed above, the Directors confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due through the three-year viability assessment period ending 31 December 2027.

Going concern statement

Based on the review of the Group's cash and short-term investments, forecast income and expenditure, performing appropriate sensitivity and scenario analyses, and after making appropriate enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to progress their established strategy. Accordingly, they continue to adopt the going concern basis in preparing these financial statements. More detail can be found in the financial statements on page 106.

Board approval: the Strategic Report set out on pages 1 to 43 has been approved by the Board.

Stuart Paynter
Chief Financial Officer
20 March 2025

Corporate governance

Chair's introduction to governance

"The Board has remained focused on the oversight and delivery of the Company's strategy, which is reflected in the Company's results."

Warren Finegold
Chair of the Board

Dear Shareholder,

I am pleased to introduce the Corporate governance report on behalf of the Board for the financial year ended 31 December 2024. This year was the first full year of the Company's listing on the Main Market of the London Stock Exchange, and we have applied the principles and provisions of the UK Corporate Governance Code 2018 to our governance structure and activities throughout the year.

As a Board, we are committed to the highest standards of corporate governance, supporting the Board in promoting the success of the Company over the long term, for the benefit of our members and stakeholders.

Year in review

The Board has remained focused on the oversight and delivery of the Company's strategy, and we are delighted with the Company's performance and achievement of several significant strategic milestones, which are reflected in the Company's results. Throughout the year your Board has operated to a full agenda, discharging its leadership and oversight duties in line with its annual programme of work.

During the year, in conjunction with the Executive Committee members, the Board conducted a review of the strategy to ensure it remained appropriate for the business. This review considered the strategy in light of developments in the business's operating environment, changes in the global economic and political landscape, and the evolving needs and objectives of our stakeholders. As part of the review, the Board considered the Company's purpose, values and strategy, and was satisfied that these and its culture remained aligned. As a result of the review, the Board agreed developments to the Company's strategy and culture to further drive commercial performance in line with the Company's values.

Board succession planning has worked effectively over the year. Aidan Hughes stepped down from the Board as an independent Non-Executive Director at the 2024 AGM and was succeeded by Caroline Brown as Chair of the Audit and Risk Committee. In October 2024, Stuart Paynter was appointed as Chief Financial Officer, succeeding Eric Lakin, who stepped down from the Board on the same date. Following the year end, Uwe Glock resigned as the Bosch Representative Non-Executive Director in February 2025. On behalf of the Directors, I would like to welcome Stuart to the Board and thank Aidan, Eric and Uwe for their contributions over the years. All of the Board Directors in office will stand for re-election by shareholders at the 2025 AGM. In late 2024, the Board appointed Dominic Murray as Company Secretary, and we look forward to working with him over the years to come.

To strengthen oversight of risk, the Board approved enhancements to the role and remit of the Audit Committee, forming the Audit and Risk Committee. These changes will increase the time available to Directors and subject matter experts to consider risk and related topics. To further strengthen the Company's approach, the CFO has been charged with the responsibility for ensuring the effective operation of risk and internal control frameworks within the business. The Board is confident that these initiatives will result in close alignment with best practice changes concerning the oversight of risk under the UK Corporate Governance Code 2024.

The refreshed Directors' Remuneration Policy was presented to shareholders for approval at the 2024 AGM, receiving high levels of support from our investors. This followed an extensive consultation process from the Remuneration and Nomination Committee Chair during which investor views were carefully considered and were reflected in the proposed policy.

The Remuneration and Nomination Committee considered base salary levels applied to the Chief Executive and Chief Financial Officer roles in respect of market competitiveness and to enable the business to attract and retain high-calibre individuals in these roles. The results of the review resulted in base salary increases for both roles, which the Board agrees are appropriate for the business. The rationale and investor engagement supporting the decision process are detailed in the Remuneration and Nomination Committee Report.

This year the Board undertook an externally facilitated Board performance review, which considered aspects of Board and Committee performance including meeting structure, Chair leadership, quality of challenge and decision making, Director contribution, and quality of Board materials. I am pleased to report that the Board and its Committees and their respective Chairs were determined to be operating highly effectively, with areas for improvement identified during the review, which will be taken forward in plans for the coming year.

For the year ahead, the Board will remain focused on the delivery of the strategy for the long-term benefit of our investors and other stakeholders. The business has a clear mandate to drive performance, and in support of this the Board will continue to ensure the Company's strategy, purpose, values and culture remained aligned and geared for commercial success.

The Company's AGM will be held in London on 15 May 2025. On behalf of the Board, I look forward to welcoming you to the AGM and thank you for your continued support of the Company.

Warren Finegold
Chair of the Board
20 March 2025

Board of Directors

Committee membership A Audit and Risk Committee RN Remuneration and Nomination Committee E ESG Committee D Disclosure Committee I Independent Non-Executive Director Chair of Committee

Warren Finegold
Chair of the Board

Appointment date
1 March 2020

Nationality
British

Skills and experience
Warren joined the Board as an independent Non-Executive Director in March 2020 and became Chair of the Board in June 2020. He was a member of the Vodafone Group Executive Committee for ten years, serving principally as Group Strategy and Business Development Director. Previously, he was a Managing Director of UBS Investment Bank, where he held several senior positions, most recently as Head of the Technology Team in Europe. Warren has served on the boards of UBM plc and Avast plc as Senior Independent Director and as a Non-Executive Director of Inmarsat plc.

He has an MA in Philosophy, Politics and Economics from Oxford University and a master's degree in Business Administration from London Business School.

Key strengths
Global business development; plc board experience; active knowledge of governance and regulatory matters; strategy development; capital markets; and mergers and acquisitions.

Julia King
Senior Independent Director

Appointment date
17 June 2021

Nationality
British

Skills and experience
Julia joined the Board as an independent Non-Executive Director in June 2021. Julia is an engineer with extensive experience across industry, academia and government and a focus on climate change and the low-carbon economy. She has held senior roles at Rolls-Royce plc, the University of Cambridge, Imperial College and as Vice Chancellor and Chief Executive of Aston University. She is currently Chair of The Carbon Trust and Frontier IP plc, a Non-Executive Director of Ørsted, and Senior Adviser to Holtec UK. Julia is Chair of the Adaptation Committee of the Climate Change Committee and was a member of the BEIS Hydrogen Advisory Council. Julia is a Fellow of the Royal Academy of Engineering, the Royal Society of London and the Academy of Medical Sciences, and was awarded a DBE for services to higher education and technology. She sits in the House of Lords as the Baroness Brown of Cambridge and is a member of the Intelligence and Security Committee.

Key strengths
Industry knowledge; academic knowledge; and climate change expertise.

Philip Caldwell
Chief Executive Officer

Appointment date
2 September 2013

Nationality
British

Skills and experience
Phil was appointed Chief Executive of Ceres in 2013. Under his leadership Ceres has grown into one of the UK's most valuable clean technology companies. Phil has been instrumental in positioning Ceres as an asset-light licensing business, establishing partnerships with global engineering giants to meet the urgency for low-carbon power systems and electrolysis for green hydrogen. Phil has worked in the fuel cell industry for 20 years, and eight years at ICI in the Chlor-Alkali Electrolyser Business. He has a master's degree in Chemical Engineering from Imperial College, an MBA from IESE Barcelona and is a Sainsbury Management Fellow.

Key strengths
Experienced plc CEO with over ten years in the public market. Commercialisation of fuel cell and electrolysis technology across multiple markets and geographies; strategic delivery; and team building and leadership.

Stuart Paynter
Chief Financial Officer

Appointment date
1 October 2024

Nationality
British

Skills and experience
Stuart was appointed Chief Financial Officer of Ceres in October 2024. Prior to his appointment at Ceres, he was most recently CFO and Board Director of advanced therapies innovator Oxford Biomedica plc where, in his seven year tenure, the business grew its revenue more than five-fold and completed transactions to successfully internationalise the business. Stuart also spent eight years at FTSE 100-listed Shire Plc in various finance and strategic roles. Stuart is a Chartered Accountant and has a degree in Physics from Imperial College.

Key strengths
Extensive financial and commercial experience across a range of advanced technology sectors. Strong capital markets; UK governance; and transformation delivery track record.

Committee membership
A Audit and Risk Committee · RN Remuneration and Nomination Committee · E ESG Committee · D Disclosure Committee · I Independent Non-Executive Director · Chair of Committee

Trine Borum Bojsen
Non-Executive Director

Appointment date: 15 March 2022

Nationality Danish

Skills and experience
Trine joined the Board in March 2022 and is the Employee Engagement Director. She is the Senior Vice President of Europe Renewables in Equinor with profit and loss accountability for origination, development, construction and operation of offshore wind assets. Previously, Trine was Chief Operating Officer of Copenhagen Offshore Partners, a leading provider of project development and construction management services to offshore wind projects worldwide. Prior to that, Trine held senior management posts at Ørsted and also served on a number of boards and key committees within the company. She is currently a Non-Executive Director of MacArtney A/S Denmark, BeGreen A/S, Danske Commodities A/S and DI Danish Energy Industries. Trine has an M.Sc in Engineering from the Technical University of Denmark and a Board Certificate from Copenhagen Business School.

Key strengths
Renewables market knowledge; technical expertise; and stakeholder relationship building.

Karen Bomba
Non-Executive Director

Appointment date 1 June 2023

Nationality American

Skills and experience
Karen joined the Board on 1 June 2023. She has 37 years of experience in the engineering industry, most recently at Smiths Group where she was latterly President of Smiths Interconnect until 2020.

Previously, Karen spent her career in various technical and managerial roles at Northrop, Hitco Carbon Composites (SGL), Zoltek Companies and Safran Group SA, where she was CEO of Messier-Bugatti USA, Chair and Chief Executive of Labinal (now Safran Electrical and Power) and President and CEO of Morpho Detection. She is currently a Non-Executive Director of Ultra Electronics UK Holdings Ltd and of Wärtsilä Oyj Abp. Karen has a Bachelor of Science in Mechanical Engineering from Rensselaer Polytechnic Institute, USA, and a Certificate of Financing and Deploying Clean Energy at the Yale School of Business and the Environment.

Key strengths
Technology; global industry; transformation; strategic development; and plc board experience.

Caroline Brown
Non-Executive Director

Appointment date 1 June 2023

Nationality British and Irish

Skills and experience
Caroline joined the Board on 1 June 2023 and has over 20 years' main board experience as a non-executive director. She is currently Chair of Audit and Risk at FTSE 250 IP Group plc, a Non-Executive Director of CAB Payment Holdings plc and FTSE small-cap Luceco plc, and a member of the global partnership council of Clifford Chance LLP. Caroline has delivered business strategy across EMEA, the Americas, India and the Far East in commercial leadership roles for FTSE 100 groups, mid-cap companies and innovative small and medium-sized enterprises. Her early career was in corporate finance with BAML (New York), UBS and HSBC advising global corporations and governments.

Caroline has a First in Natural Sciences and a PhD in Chemistry from the University of Cambridge and is a Fellow of the Chartered Institute of Management Accountants.

Key strengths
Strategy development; commercial experience; finance and risk; and plc board experience.

William Tudor Brown
Non-Executive Director

Appointment date 1 April 2021

Nationality British

Skills and experience
Tudor joined the Board in April 2021. He is one of the founding members of ARM Holdings plc, where until 2012 he was on the board of directors and President of ARM Holdings plc. Tudor is a seasoned independent Non-Executive Director, with considerable experience in director remuneration matters, and a current Non-Executive Director of Marvell Semiconductor listed on Nasdaq. He previously held long tenures as a Non-Executive Director of several major international companies, the most recent being the Hong Kong listed Lenovo Group.

Tudor received an MA degree in Electrical Sciences from the University of Cambridge. He is a Fellow of the Institution of Engineering and Technology and a Fellow of the Royal Academy of Engineering. He was awarded an MBE in 2013.

Key strengths
Technology; global industry; and licensing.

Board of Directors continued

Nannan Sun
Non-Executive Director

Appointment date:
27 September 2023

Nationality
Chinese

Skills and experience
Nannan joined Ceres in September 2023 and is the Weichai-nominated Non-Executive Director as part of the strategic collaboration agreement with Weichai. Nannan is a senior engineer with a doctorate in Engineering from Shandong University and is currently the Assistant President of Weichai Power and President of the Future Technology Institute of Weichai Power. Nannan is responsible for product and technology research and development having joined Weichai Power in July 2015, and has served as the Vice President of the Scientific Research Institute, the President of the Science and Technology Research Institute, and the Vice President of the Future Technology Research Institute.

Key strengths
Relationship with Weichai; Chinese market knowledge; and technology.

Board of Directors: tenure[1]

<1 year	1 Director
>1 year	3 Directors
>2 years	1 Director
>3 years	3 Directors
>8 years	0 Directors
>10 years	1 Director

Board of Directors: gender[1]

Female	5	54.5%
Male	4	45.5%

Board Independence (excluding the Chair)[1]

Independent	5	63%
Non Independent	3	37%

1. Chart data reflects the position as at the date of this report, Uwe Glock, Bosch Representative Non-Executive Director, having resigned on 19 February 2025.

Executive Committee

Philip Caldwell
Chief Executive Officer

Biography on page 48.

Stuart Paynter
Chief Financial Officer

Biography on page 48.

Michelle Traynor
Chief People Officer

Michelle joined Ceres in 2019 and is responsible for all aspects of the people strategy to support the ongoing growth of the business. With over 20 years' experience gained across technology, manufacturing and professional services, her skillset encompasses all aspects of HR and expands beyond this into wider business operations.

Prior to Ceres, she was Chief Operating Officer for ASB Law, having initially joined as Head of Human Resources and Development. Michelle is a chartered member of the CIPD and holds a master's degree in Personnel Management.

Filip Smeets
Chief Commercial Officer

Filip joined Ceres in September 2024. He is a seasoned Executive with over 20 years of global leadership experience in cleantech and chemical industries, specialising in strategic growth, business transformation and market leadership.

As Chief Commercial Officer, he leads the Company's commercial strategy, licensing partnerships and market expansion in solid oxide fuel cell and electrolysis technologies.

Before joining Ceres, Filip was Senior Vice President at Nel Hydrogen, where he led the Electrolyser Division, overseeing product development, sales and operations.

Mark Garrett
Chief Operating Officer

Mark joined Ceres in August 2020. Prior to this he was at Ricardo plc for 22 years, holding a variety of leadership positions including Chief Operating and Chief Strategy Officer roles.

Mark has considerable experience in bringing new products to market, operational performance and IP-based innovation in the transport and energy sectors.

Mark is Non-Executive Chair of SBD Automotive Limited, an automotive sector consultancy, a Fellow of the Institution of Mechanical Engineers and the Royal Academy of Engineering, and a member of Brunel University Council.

Caroline Hargrove
Chief Technology Officer

Caroline joined Ceres in 2021 as Chief Technology Officer following three years as a Non-Executive Director of Ceres. She started her career as a lecturer in Engineering at Cambridge, followed by various roles in McLaren F1, mainly focused on the development of digitalisation and the first F1 simulator. She was previously CTO of Babylon Health, and worked in a range of sectors from motorsport to health, elite sports, manufacturing and energy.

Caroline is also a Fellow of the Royal Academy of Engineering, was Visiting Professor at Oxford from 2015 to 2018 and holds a PhD in Applied Mechanics. In 2020, she received a CBE for services to engineering.

Nick Lawrence
Chief Product Officer

Nick joined Ceres in 2016, during which time he has been a driving force in the acceleration of Ceres' ambitions to be a world leader in solid oxide technology. Nick has worked across a number of technology disciplines including engineering, digitalisation, modelling and AI.

As a member of Ceres' Executive Committee, Nick leads our talented product organisation to deliver best-in-class products for our existing and future partners.

He is a Chartered Engineer, a member of IMechE and has a MEng degree in Engineering Science from Oxford University.

Corporate governance report

A solid foundation of governance

The Board of Directors

The Board of Directors (the "Board" or "Directors") sets the purpose, vision and strategy for the Company and ensures that the culture, key to the Company's longevity and success, is aligned. It approves the business plan and budget, monitors performance and ensures that the necessary resources are in place to support the achievement of the Company's strategic objectives. Ensuring the long-term sustainability of the Company and creating value for shareholders and other stakeholders are critical to its role.

During the year the Board undertook its annual strategic review in conjunction with the Executive Committee. More details on the Company's strategy can be found in the Strategic Report on pages 33 to 34.

The Board ensures that there is a robust system of internal controls and a risk management framework within which the Company can operate safely and effectively, enabling it to take advantage of opportunities and to identify and mitigate risks. More information on the risk management framework can be found on pages 39 to 42 and on internal controls in the Audit and Risk Committee Report on pages 58 to 61.

Succession planning for key management and Board roles is imperative to ensure that the balance of skills and experience is maintained and that the Company has a robust and diverse pipeline of talent to safeguard its future. More information can be found in the Remuneration and Nomination Committee Report on pages 62 to 66.

The Non-Executive Directors perform a critical role, holding management to account and providing strategic guidance and constructive challenge. More details on all the Directors, along with the key skills and knowledge they bring to their roles, are set out on pages 48 to 50.

Terms of Reference for all the Committees of the Board can be found on our website at: https://www.ceres.tech/about-us/committees/

Meetings

The Board met ten times in 2024 (including for an off-site strategy meeting). The attendance of each Director is set out in the chart below. Meetings are held both in person and virtually and any Director unable to attend is invited to submit their views and comments on the papers circulated to the Chair of the Board (or the Committee Chair), who ensures these are reflected in the Board (or Committee) discussions and decision making.

In-person meetings are held at various locations throughout the year to enable Directors to use their time efficiently and include meetings at the Company's offices in Horsham, which enables the Board to interact and engage with colleagues more easily.

Board meeting agendas are carefully constructed to ensure that there is sufficient time for considered debate and challenge and that appropriate time is spent on key matters such as strategy and performance. The Board receives reports at each meeting from the Chief Executive and other Executive Committee members on specific areas of operation and performance which capture the activities of the Executive Committee and the Steering Committees (the governance framework is illustrated on page 56). More information about the activities of the Board during the year can be found on page 53 of this report and also in the Stakeholder engagement and Section 172(1) statement sections on pages 27 to 30.

After every Board meeting has concluded, the Chair meets with the Non-Executive Directors to discuss the operation of the Board and the performance of the Executive Directors and senior management. The Chief Executive Officer joins these meetings at their conclusion to receive feedback.

Attendance table[1]

	Board	Restricted Board	Audit and Risk	Remuneration and Nomination	ESG
Warren Finegold	10 (10)	7 (7)		6 (6)	6 (6)
Julia King	10 (10)	7 (7)		6 (6)	6 (6)
Caroline Brown	10 (10)	7 (7)	5 (5)		
Tudor Brown[2]	9 (10)	7 (7)	5 (5)	6 (6)	
Karen Bomba	10 (10)	7 (7)	5 (5)	6 (6)	
Trine Borum Bojsen[3]	10 (10)	7 (7)			5 (6)
Uwe Glock	10 (10)				
Nannan Sun[2]	9 (10)				
Phil Caldwell[4]	10 (10)	6 (7)			6 (6)
Stuart Paynter[5]	1 (1)	1 (1)			
Eric Lakin[2,6]	6 (7)	5 (5)			
Aidan Hughes[7]	3 (3)	3 (3)	3 (3)		

1. The attendance table shows the number of meetings attended followed by the maximum number of meetings the Director was entitled to attend (in brackets).
2. Tudor Brown, Eric Lakin and Nannan Sun were each unable to attend one of two Board meetings held by video conference at short notice, and in short succession, during July 2024.
3. Trine Borum Bojsen was unable to attend one ESG Committee meeting due to an unavoidable business conflict arising at short notice.
4. Phil Caldwell was unable to attend one Restricted Board meeting due to overseas business travel.
5. Stuart Paynter was appointed on 1 October 2024, attending one Board meeting during the year in line with his pre-agreed availability.
6. Eric Lakin stepped down from the Board on 1 October 2024.
7. Aidan Hughes stepped down from the Board on 16 May 2024.

Board activities

Board agenda for 2024

Board topics discussed at meetings held by financial quarter:	Q1	Q2	Q3	Q4
Strategy and implementation				
CEO review including strategy actions and progress against KPIs, business development reports from the Chief Operating Officer, Chief Commercial Offer, Chief Technology Officer and Chief Product Officer, overview of stakeholder engagement	✓	✓	✓	✓
CFO review including financial performance, budget approval, financial performance and delivery against business plan, treasury, tax, risk oversight	✓	✓	✓	✓
Commercial pipeline encompassing development opportunities through to recommendation of licensing contracts	✓	✓	✓	✓
Deep dive agenda items of strategic importance including legal/governance/IP, operations and information security, commercial, technology, human resources, cyber risk	✓	✓	✓	✓
Board strategy day: purpose and values alignment with strategy				✓
Financial reporting and oversight				
Review and approval of full year results	✓			
Review of half year results			✓	
Review of quarterly trading updates		✓		✓
Risk				
Formal bi-annual major risk assessment process	✓		✓	
Approval of Principal risks and uncertainties		✓		✓
Considered and set risk appetite for the Board				✓
Requested full review of risk process in light of corporate governance changes				✓
Governance				
Approve AGM Notice and business of the meeting	✓			
Received reports from the Audit and Risk, Remuneration and Nomination and ESG Committees	✓	✓	✓	✓
Updates on legislative, regulatory and best practice developments, and review and approval of insurance arrangements, governance documents, Group policies	✓	✓	✓	✓
Effectiveness				
Annual Board evaluation process and outturn			✓	✓
Annual and ad-hoc review of Directors' conflicts of interest				✓

There were ten Board meetings held during 2024 as detailed on page 52.

Compliance with the UK Corporate Governance Code 2018

The Company has applied the principles of the Financial Reporting Council's ("FRC") UK Corporate Governance Code 2018 and complied with the provisions throughout the year ended 31 December 2024. The full text of the UK Corporate Governance Code 2018 can be found on the FRC's website at www.frc.org.uk. The following table sets out the principles of UK Corporate Governance Code 2018 and signposts the location of supporting information within this report, and on our Company website.

A	Board effectiveness	Pages 46-57
B	Purpose, values, strategy and culture	Pages 1-45 and 46-57
C	Board decision making	Pages 27-30 and 46-57
D	Engagement with stakeholders	Pages 27-30 and 46-57
E	Oversight of workplace policies and practices	Pages 46-100 and website
F	Role of the Chair	Pages 46-57 and website
G	Independence and division of responsibilities	Pages 46-57 and website
H	External commitments and conflicts of interest	Pages 46-57
I	Board resources	Pages 46-57
J	Appointments to the Board and succession planning	Pages 62-66
K	Board composition and length of tenure	Pages 46-57 and 62-66
L	Board evaluation	Pages 54 and 66
M	Financial reporting, external and internal audit – independence and effectiveness	Pages 58-61 and 94-137
N	Fair, balanced and understandable assessment	Pages 58-61 and 90-93
O	Risk management and internal controls	Pages 39-42 and 58-61
P	Remuneration policies and practices, Executive remuneration	Pages 62-87
Q	Remuneration Policy	Pages 73-78
R	Independent judgement and discretion	Pages 62-66 and 67-87

www.ceres.tech/about-us/corporate-governance/

Corporate governance report continued

Board performance review

A review of the performance of the Board, its Committees, the Chair and individual Directors is undertaken annually. The review aims to identify the Board's strengths and any opportunities for improvement, as well as highlighting any training and development needs.

The Board follows a formal three-year cycle for an externally facilitated annual review. The 2021 Board evaluation was externally facilitated, and therefore the 2022 and 2023 performance reviews were facilitated internally by the Nomination and Remuneration Committee. Further information on these reviews can be found in previous Annual Reports.

In keeping with the three-year cycle, the 2024 Board performance review was facilitated by a third party, Alison Gill and Peter Snowdon of Bvalco, who have no connection with the Group or individual Directors.

Bvalco follow the Code of Practice from the Board Effectiveness Guild. A summary of the process followed and the findings is set out on this page.

Selection of third-party facilitator

1. Longlist

The Company Secretary reviewed the Board performance market and sought the views of the Chair, Senior Independent Director (SID) and Directors with experience of the UK-listed market to compile a longlist for consideration. A Request For Proposal (RFP) was prepared and sent to potential facilitators.

2. Shortlist and evaluation

The responses to the RFP were reviewed by the Chair, SID and Company Secretary, who undertook an evaluation in terms of approach, experience, people and value for money.

3. Selection

A shortlist of two was considered by the Chair and SID before Bvalco were selected as the preferred provider and a letter of engagement signed in August 2024.

The Board review process

1. Scoping

The scope of the review was to assess the effectiveness of the Board and Committees, to understand their strengths and weaknesses, to develop a set of future priorities to continue to improve the effectiveness of the Board in the context of Ceres' purpose and strategy, and to support the SID with the annual review of the Chair.

2. Document review

Bvalco conducted a desktop review of key Board materials such as the Board and Committee papers from the prior year and the forward agenda, as well as details of Ceres' purpose and strategy.

3. Interviews

In-depth interviews were held with the individual Board members, the Company Secretary and Group General Counsel, and some members of senior management. The topics for consideration were shared prior to the individual interviews and the discussions remained confidential at all times.

4. Board and Committee observations

Bvalco attended the September Board and Committee meetings to enable it to form an independent view of the meeting dynamics, before providing an interim report on the findings.

5. Report and recommendations

An initial draft report was discussed with the Chair, SID, Committee Chairs and Company Secretary before a final written report was presented to the Board in December, and Alison Gill invited discussion on the report's findings and recommendations and agreed to actions the Board would take as a result. No views were attributed to any individual in the final report.

2024 findings and actions

The review found that the Board had a number of strengths: it was engaged and ambitious for Ceres, with substantive evidence that it was delivering significant and positive outcomes for the business by embedding a robust governance framework suitable for a newly FTSE listed Board; contributing to the recent strategic pivot to include SOEC alongside SOFC technology; and supporting the recent restructure with appropriate focus on cost and some important Executive changes to ensure the business has the right leadership for the future.

The culture of the Board was found to be constructive, thoughtful and disciplined.

The opportunities identified in the review included:

- To consider the Board objectives for FY25;
- Reviewing the strategic priorities and cohere around which strategic topics require Board time;
- Formalise and discuss Executive succession with the whole Board;
- Keep working on developing the inclusivity of the Board culture; and
- Improve the quality of Board papers.

The review of the Committees found improvements in how they are functioning, with effective Chairs who worked with management and advisers in a positive, supportive and, where necessary, challenging way to ensure that the Committees deliver impact.

The review of the Chair was also positive and confirmed that Warren Finegold continued to lead the Board well and to have the respect of both Executive and Non-Executive Directors.

Division of responsibilities

The roles and responsibilities of the Chair, Chief Executive Officer, Senior Independent Director and Company Secretary are set out on the Company's website at:

www.ceres.tech/about-us/corporate-governance/

The Chair leads the Board and is responsible for its effectiveness in directing the Company. The Chair is supported by the Company Secretary to ensure that the Board has all the necessary information and resources it needs, in the format it requires and in a timely manner to operate efficiently and make well-informed decisions. A forward plan for the current and following year ensures that the Board and its Committees are covering critical topics in a timely manner.

The Senior Independent Director ("SID") provides a sounding board to the Chair as well as the other Non-Executive Directors and acts as an intermediary between them and shareholders if required.

The Chair, Chief Executive Officer and Company Secretary meet regularly outside of the formal meeting schedule to plan meeting agendas, discuss strategy, performance and current issues. These informal meetings allow transparency and openness, which encourage constructive and objective critical debate in meetings. The Chair also meets with members of the Executive Committee throughout the year.

The Board operates under its schedule of Matters Reserved to the Board, which ensures that significant decisions are always taken at the right level and with the appropriate amount of scrutiny and challenge. Underneath this schedule sits the Delegation of Authority Policy, which further sets out the approval levels for the day-to-day operation of the business. Both documents are kept under review to ensure that they remain current and appropriate and are updated as required.

The schedule of Matters Reserved to the Board is available to view on our website at:

www.ceres.tech/about-us/corporate-governance/

In order to discharge its responsibilities effectively and in a timely manner the Board discharges certain responsibilities through Committees of the Board, which comprise the Audit and Risk Committee; the Remuneration and Nomination Committee; the ESG Committee; and the Disclosure Committee. More information on these Committees can be found in their specific reports and in this Corporate governance report.

The framework of governance within which the Board and Executive Committee operate is set out on page 56 of this report.

Stakeholder engagement

The Board is accountable to the Company's shareholders and seeks ways to engage with them to fully understand their views. Regular communication through the various channels of the Regulatory News Service, media, face-to-face meetings, investor roadshows and conferences, press interviews and the Annual General Meeting ensures that shareholders are kept informed of the progress of the Company. The Company's website is kept up to date with all announcements and Annual Reports.

Trine Borum Bojsen is the Board's designated Employee Engagement Director and throughout the year has met with colleagues across the business in dedicated employee engagement sessions at both the Horsham and Redhill sites and at Connect meetings (Ceres' social employee forum). In March, in support of International Women's Day, Trine participated in a fireside chat with our female graduates, creating an open exchange of ideas and experience, which was well received and shared with the wider organisation.

The ESG Committee and the Board received the results of the annual employee engagement survey, which ensured they were cognisant of the levels of engagement across the business and had visibility of the issues which really mattered to employees at Ceres.

The Company engages with all its stakeholders in many different ways and more information on how it has done so during 2024, along with how Board decisions have taken into account stakeholder views, can be found in the Stakeholder engagement section on page 27 of the Strategic Report.

The Board welcomes shareholder attendance and participation at its Annual General Meeting in 2025 and all Directors and Committee Chairs will be available to answer questions.

Disclosure Committee

The assessment of the existence of inside information and determining whether disclosure to the market is required is in the first instance a PLC Board matter. However, if the discussion of such a matter by the full Board would be inappropriate due to a conflict of interest, or on occasions where the Board cannot be convened sufficiently rapidly, the Disclosure Committee assumes this responsibility. In any event it meets at least annually to ensure that the procedures and controls in place relating to the identification and management of inside information are sufficient. Membership of the Disclosure Committee comprises the Chief Executive Officer, Chief Financial Officer, Company Secretary, and Chair of the Board.

The Terms of Reference for the Disclosure Committee can be found at: www.ceres.tech/about-us/corporate-governance.

Corporate governance report continued

Governance framework

Accountability

Reporting

Shareholders and other stakeholders

The owners of the Company and those with an interest in its long-term sustainable success

More information on how the Board has considered and engaged with its stakeholders can be found in the S172(1) Statement on pages 29 to 30

PLC Board, Restricted PLC Board

More information on the activities of the Board can be found on page 53

Promotes the long-term sustainable success of the Company; sets purpose, values, culture and strategy

Oversees and monitors delivery of the strategy through systems of internal control and risk management

Decisions take into account Director responsibilities under S172 of the Companies Act 2006

Audit and Risk Committee

Oversees and receives reports on financial reporting, risk management, internal controls and the activities of external and internal audit functions

Remuneration and Nomination Committee

Sets Remuneration Policy for Chair, Executive Directors and Senior Management; reviews composition and skills and recommends appointments to the Board

ESG Committee

Oversight and monitoring of environmental and social strategies and actions of the Company and related governance activities and publications

Disclosure Committee

Assesses the existence of inside information and whether disclosure to the market is required (in the absence of the PLC Board); and ensures procedures and controls in place

More information on the Committees of the Board can be found on pages 58 to 89

Executive Committee

Weekly meetings: operational matters, risk review meetings

Quarterly business reviews
Assessment and monitoring of performance and progress; and identifies necessary adjustments

Strategy meetings
Strategy review and proposal to PLC Board

More information on the members of the Executive Committee can be found on page 51

Operational ESG Committee

Environmental and social plans and actions and related governance activity

Reporting and publications; policies and procedures; and ESG risk management

More information can be found on our ESG Committee on page 88

Management governance structure

Operations and business implementation

Culture and values

Ensuring the culture of the business aligns with the Company's strategy and that Ceres' values are at the heart of business strategy and decision making remains a priority for the Board. The Company's values are set out on page 2.

The Executive Management Committee is responsible for ensuring these values are demonstrated to employees on a day-to-day basis and through the implementation of policies and procedures. Regular communications and mandatory annual training programmes, including a refresh of employees' understanding of the Company's Code of Conduct & Business Ethics, helps to embed the desired attitudes and behaviours throughout the business. 2024 also saw the launch of our inaugural Ceres awards, aligned directly to the values, showcasing the exemplary performance, behaviours and results of our talented workforce.

The Board undertakes a deep dive into an operational area at most of its meetings, and the HR deep dive undertaken during the year further enabled the Board to obtain a clear understanding of the progress made and future plans relating to cultural development, organisational design, performance management and reward.

Following on from the restructure undertaken during 2024, the business plans to formalise internal stakeholder management and employee engagement by establishing a formal employee engagement forum in conjunction with the elected employee representatives. This forum aims to enhance communication and engagement between employees, the Company and the Board by providing a structured platform for employee representatives to come together to share the views of their colleagues and contribute to the shaping of the workplace environment and input into the decision-making process regarding people-related topics. In her designated role of Employee Engagement Director, Trine Borum Bojsen will participate in these meetings at least twice a year.

Speaking up

The Company's Speak Up Policy enables employees and third parties (which includes consultants, contractors and casual and agency workers) to report any concerns that they do not feel they can raise with their Line Manager to a restricted access email address.

Concerns can be dealt with anonymously if the reporter wishes, and any parties concerned in the report are removed from the investigation process. Concerns are investigated thoroughly and the Audit and Risk Committee receives an annual report on key themes, outcomes and actions identified.

Board independence (excluding the Chair)

Independent	56%
Non-independent	44%

As at 31 December five of nine Board Directors were considered independent.

The Board reviews interests on an ongoing basis but also formally reviews annually the Interests Register to ensure its assessments of independence remain current.

The Board concluded that all the Non-Executive Directors (including the Chair) are independent in compliance with the Code, with the exception of Uwe Glock and Nannan Sun who, as nominee Directors of Bosch and Weichai Power respectively, represented major shareholders. Therefore, in compliance with Code requirements, at least half the Board (not counting the Chair) were considered independent during the year.

The Non-Executive Directors do not receive any remuneration other than their fees and reimbursement for expenses incurred. They do not participate in any share option, bonus or pension arrangement. Non-Executive shareholdings are not considered sufficiently material to affect the Board's assessment of their independence. More details on the Non-Executive Directors' fees are set out in the Directors' Remuneration Report.

Conflicts of interest

The Company operates a Conflicts of Interest Policy and in addition, specifically for Board members, an Additional External Appointments Policy. The Conflicts of Interest Policy is provided to all employees on induction with training, which must be refreshed annually.

Under the Additional External Appointments Policy, Directors are required to seek approval from the Board prior to accepting any external appointments. The Board holds an Interests Register for the Directors, which it reviews annually and declarations of potential conflicts of interest with any item on a meeting agenda are stated at the start of each meeting of the Board and its Committees. Where such a conflict is deemed to arise, the Director concerned is not party to the discussions and decision making.

Whilst the majority of business is conducted by the entire Board, an additional Restricted Board meeting is held without the non-independent Non-Executive Directors present, covering items for which they would be conflicted.

Internal controls and risk management

Ensuring the Company has a sound and robust system of internal controls and a risk management framework that enables the effective management of risk is a key responsibility of the Board. The Board has delegated responsibility of the oversight of internal controls to the Audit and Risk Committee and more information on the work of the Committee can be found on pages 58 to 61. The Board reviews the risk register regularly and annually reassesses its risk appetite for the business. More information on the risk management framework can be found on pages 39 to 42.

Board support

All Directors have access to the Company Secretary for support and advice on governance matters. They have the right to seek independent legal or other professional advice at the Company's expense in the furtherance of their duties.

Newly appointed Directors are provided with a tailored induction that includes a briefing on their responsibilities and duties as a Director by the Company Secretary and role specific meetings and introductions to the business.

Formal and ad hoc training, conferences and seminar opportunities are offered to all Directors and specific briefing sessions arranged as required. Directors are briefed on current developments, best practice and governance and regulatory issues throughout the year.

Audit and Risk Committee report

"The role of the Committee has been developed to discharge a greater degree of oversight over internal control and risk management on behalf of the Board, and to address the best practice recommendations of the 2024 UK Corporate Governance Code."

Caroline Brown
Chair of the Audit and Risk Committee

Introduction

I am pleased to present the Audit and Risk Committee (the "Committee") Report for the year ended 31 December 2024.

The Audit and Risk Committee assists the Board in ensuring the integrity of Company's financial reporting. As part of this remit, the Committee reviews the operation of the Company's internal controls and risk management framework, approves the internal audit plan and oversees the engagement, monitoring and effectiveness of the internal and external auditors.

Over the year the role of the Committee was developed to discharge a greater degree of oversight over internal control and risk management on behalf of the Board. These changes in remit and approach have been reflected in the mandates of the internal audit and management teams and will continue to be an area of Committee focus going forwards.

Committee composition

The Committee comprises three Independent Non-Executive Directors. Karen Bomba joined the Committee in February 2024, Aidan Hughes retired in May 2024 and I assumed the role of Chair of the Audit and Risk Committee at the conclusion of the 2024 AGM. As a whole, the Committee has recent and relevant financial experience and also specifically of the fuel cell and engineering sectors. More details on the skills and experience of the Committee members can be found on pages 48 to 49.

Other Board members are invited to attend Committee meetings, and the Chair of the Board attends on a regular basis, although is not a member of the Committee. The Executive Directors, finance team members, Grant Thornton the outsourced internal auditor, and the BDO LLP external audit team all attend meetings as required.

Briefing sessions are held between the Chair and the Senior Audit Partner, the outsourced internal auditor and the Chief Financial Officer independently prior to Committee meetings.

Committee membership

Caroline Brown (Committee Chair)

Karen Bomba

Tudor Brown

Role of the Committee

The Committee's role is to support the Board in the oversight of financial and internal controls, financial reporting and risk management. Its main duties include:

- Monitoring the integrity of the financial statements of the Company including significant financial reporting judgements;
- Reviewing the Company's system of internal controls (including financial, operational, reporting and compliance controls) and risk management framework;
- Providing advice (where requested by the Board) on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- On behalf of the Board reviewing and monitoring the Company's risk management systems and internal controls and their effectiveness, and ensuring a robust assessment of principal risks facing the Company;
- Reviewing the arrangements for speaking up in confidence, procedures for detecting fraud and bribery, and any actions to be taken on non-compliance;
- Reviewing the internal audit function and effectiveness and approving the internal audit plan;
- Reviewing and monitoring the effectiveness of the external auditor, satisfying itself of the independence and objectiveness, and approving the terms of engagement and remuneration; and
- Approving and monitoring the operation of the Company's Non-Audit Fees Policy.

Key activities 2024

The Committee met five times during the year, with meetings timed to coincide with key dates within the financial reporting and audit cycle. Attendance by members is set out on page 52 of the Corporate governance report. The key activities undertaken by the Committee are set out below:

- Recommended for approval final and interim financial results and related statements;
- Reviewed Going Concern and Viability Statements;
- Recommended for approval Annual Report and Accounts 2023;
- Recommended for approval Tax Policy and strategy;
- Reviewed the operation of the Anti-Bribery and Corruption Policy;
- Approved external audit fees;
- Monitored the operation of the Non-Audit Fees Policy and received reports;
- Reviewed annual health and safety and Speak Up reports;
- Reviewed risk register, principal risks and uncertainties and risk framework;
- Reviewed and monitored operation of the Treasury Policy;
- Reviewed external audit plans;
- Recommended the reappointment of the external auditor;
- Reviewed and revised the Committee Terms of Reference and remit for risk; and
- Considered the Committee performance.

Financial and narrative reporting

During the year the Committee:

- Reviewed the full and half year results and associated announcements and recommended them to the Board for approval;
- Reviewed the Group's Annual Report to consider, whether taken as a whole, it was fair, balanced and understandable and whether it provided the necessary information required for shareholders to assess the Company's position, performance, business model and strategy and recommended it to the Board for approval; and
- Considered the appropriateness of the Group's accounting policies and practices, focusing on areas of significant management judgement or estimation and questioned the rationale for decisions taken in application of the policies.

Significant financial reporting matters

The Committee received and considered reports from the Chief Financial Officer in respect of the Group's material accounting judgements and estimates, and subsequently approved the disclosure set out in Note 1 to the Group's financial statements. These are also discussed in the independent auditor's report on page 95, and were considered in the Chief Financial Officer's statement on page 35.

The Committee considered the following significant financial reporting matters, estimates and judgements, amongst others, when approving the Group financial statements for the year ended 31 December 2024:

Revenue recognition in respect of customer contracts

During the year, the Group recognised revenue of £51.9 million (2023: £22.3 million) relating to commercial and development contracts with customers. Further details are set out in Note 2 to the Group financial statements.

The Group's material contracts generally involve the provision of a number of services typically including technology transfers, development licences, engineering services and the provision of technical hardware. Significant judgement is required at contract inception to allocate revenue and value the different performance obligations. The Audit Committee reviewed the judgements and estimates applied by management during the year when accounting for revenue recognition and considers them to be appropriate.

In addition, during the year the Committee has reviewed management's ongoing judgements applied to recognising or not recognising revenue for the significant Doosan and Bosch collaboration agreements. This included a review of estimates used for percentage completion based on forecast labour hours. The Committee noted that management had adopted an appropriate approach in accordance with IFRS 15, focusing on minimising judgement risk for the new Delta, Denso and Thermax agreements signed in 2024.

Intangible assets (capitalised development costs)

The Group began capitalising development costs as internally generated assets from 2019 in accordance with IAS 38. Since then the Group has reviewed and assessed all customer and internal development programme expenditure to ascertain whether it is appropriate to capitalise development costs under IAS 38.

The assessment process requires significant judgement to be applied by management in respect of identifying whether a particular project has passed the relevant milestone gate, whether costs meet criteria to be capitalised, commercial net present value to begin capitalisation, confirming when development activities are completed and therefore ceasing capitalisation of costs, in assessing appropriate periods of amortisation and considering the need for any impairments.

The Committee reviewed management reports summarising the treatment of capitalised costs during the year, together with reviewing reporting from the external auditor on the subject, and is satisfied that the accounting treatment and disclosure of capitalised development costs are appropriate.

The Committee noted that during 2024 the 640 programme met the criteria for cessation of capitalisation and in line with IAS 38 capitalisation stopping indicates the commencement of amortisation. There is significant judgement around the period in which to amortise the intangible asset, but the Committee agreed the amortisation period of seven years is reasonable and in line with the Group's accounting policy.

Further details setting out the accounting policies relating to capitalised development costs, amortisation and the amounts capitalised during the period are provided in Note 11 to the Group financial statements.

Audit and Risk Committee report continued

Provisions relating to warranty and dilapidations

As at 31 December 2024, the Group held provisions of £2.3 million (2023: 2.3 million) for property dilapidations and £0.4 million (2023: £0.6 million) for warranties. The Committee reviewed the approach for assessing these provisions with management, noting that professional advisers had updated the assessment of the dilapidations provision for 2024.

The warranty provision consists of constructive obligations and the Committee reviewed management's assessment of the provision, which was based on past performance, customer expectations and a weighting of outcomes.

Further details around provisions are set out in Note 21 to the Group financial statements.

Impairments

At 31 December 2024, the Group held an investment of 24.2% of the share capital of RFC Power Limited, valued at £2.2 million. The Committee reviewed managements' assessment of the investment, noting that the RFC board frequently assessed the liquidity position of the company and considered RFC to be a going concern. The Committee concluded in agreement with management that no impairment of the asset was appropriate as at the date of this report, and that this judgement would continue to be monitored.

Internal audit

Grant Thornton LLP discharged the role of outsourced internal auditor and adviser on the Company's risk management framework during the year, having been appointed in late 2023. Grant Thornton LLP has no other connection to the Company or any of its individual Directors.

At the beginning of 2024, the Committee agreed the internal audit plan comprising four internal audit reviews, which were conducted throughout the year. These audits focused on two areas of perceived heightened risk for the business: cyber security and IT general controls, which, as discussed on page 39, has been identified as a principal risk area by the Board; and a review of core financial controls over payroll and month end financial close processes. The Committee oversaw delivery of the audits and monitored management's response to items identified for remediation. The Committee has been pleased with the increased level of rigour and quality of insights gained from the work of the outsourced internal auditor over the year, and will conduct a full effectiveness review of the function during 2025.

Internal controls and the risk management framework

The Committee monitors financial and compliance internal controls, reviewing and approving policies and strategies during the year including the Tax Policy and strategy, the Treasury Policy, non-audit fees, the annual health and safety report, the Anti-Bribery and Corruption Policy, and an annual report on Speak Up.

The Committee aims to ensure the integrity of the financial statements made by the Company and to safeguard the assets of the Company. The Directors reviewed the effectiveness of the system of internal financial and compliance controls during 2024, receiving assurance reports throughout the year and at the year end. No material or significant control deficiencies were identified and mitigation actions for any other potential issues are continuing.

The remit and role of the Committee were revised during the year to develop its oversight of internal controls and the risk management framework in response to a Board mandate to increase scrutiny in this area and to address changes in reporting best practice, which will become effective under Section 29 of the 2024 UK Corporate Governance Code.

With the assistance of Grant Thornton, during the year the Committee requested management conduct a review of the existing internal controls and risk management framework with the aim of enhancing its operation and effectiveness. The Committee recommended, and the Board subsequently approved, that management ownership of risk be assigned to the CFO. The Committee will continue to closely monitor developments over the coming year.

More information on the risk management framework is detailed on pages 39 to 42.

Annual Report and Accounts for the year ended 31 December 2024

Since the end of the financial year, the Committee has reviewed the contents of the Annual Report and Accounts considering whether the information provided enables an assessment of the Group's position and performance, business model and strategy. The ESG Committee provided assurance to the Committee and the Board on the included TCFD disclosures. The Committee (and subsequently the Board), assessed the report with the following factors in mind:

- Fair – No omission of important or sensitive elements;
- Balanced – Consistent throughout; balance of statutory expectations and adjusted measures; and
- Understandable – well set out; clear and cohesive.

The statement made by the Board is set out on page 93 of the Directors' Report.

External audit

BDO LLP was reappointed as the Company's external auditor as the 2024 AGM to hold office until the 2025 Annual General Meeting. Peter Acloque was appointed as Senior Audit Partner during the year. BDO LLP was first appointed at the Company's Annual General Meeting on 4 December 2019 and the Company became a Public Interest Entity ("PIE") on 29 June 2023 on its move up to the Main Market of the London Stock Exchange. Therefore, in compliance with the Competition and Markets Authority's Statutory Audit Service for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the "CMA Order"), and the Companies Act 2006, the next mandatory tender process for the external auditor services will be undertaken ahead of the audit year ending 2033 (ten years from the first appointment) and the audit partner rotation will be due in 2029.

The Company does not currently plan to tender for the provision of external audit services earlier as it believes that the continuity of provider and its understanding of the business are beneficial. Annual reviews of the effectiveness and independence of the external auditor are and will continue to be undertaken to ensure that the auditor continues to be independent and appropriate.

The Company is in full compliance with the CMA Order, which details the mandatory use of competitive tender processes for the provision of statutory audit services.

The Committee meets with the external auditor regularly without management present, and specifically at the time of the interim and full year results, to ensure that its independence is maintained and to enable the Committee to discuss any matters directly with the auditor. The Committee considers that the external auditor continues to be independent.

External audit continued

BDO has indicated its willingness to continue in office, and the Committee has recommended BDO's reappointment to the Board. The Committee confirms that its recommendation is free from influence by a third party and that no contractual terms of the kind mentioned in Article 16(6) of the Audit Regulation have been imposed on the Company. A resolution to reappoint BDO as the external auditor will be proposed at the AGM to be held on 15 May 2025.

Auditor effectiveness

At the end of the year the Committee undertook a thorough review of the effectiveness and objectivity of BDO LLP in compliance with the requirements of the Financial Reporting Council's ("FRC") Audit Minimum Standard. In discussion with the external auditor at audit closing meetings, directly with the Committee Chair and with the Committee as a whole, it was determined that all potential risks to audit process had been suitably identified and addressed, that the controls used by the auditor to address these potential risks were satisfactory and that there were no concerning actions as a result of the Committee's review of the 2023 audit. The Committee received assurance from the auditor on the actions taken at the firm as a result of the FRC's audit quality review as discussed below.

The Committee discussed with the management team how the audit had been conducted and confirmed that interaction between the auditor and teams had been appropriate and proportionate. Improvements to the audit process were discussed, and several actions undertaken to improve the process going forwards, including increased resources applied to the audit by BDO LLP and the Company, and recommendations concerning the collaboration between the relevant teams.

The Committee reviewed and agreed the management letter and the work undertaken by the auditor both at the year end and the interim results to ensure that it reflected an understanding of the business and its strategy. It was informed of any instances of challenge by the auditor and how these were resolved with management to reach a satisfactory outcome.

The Committee ensures that each time it receives the interim or year-end plan from the auditor, that the internal teams are resourced appropriately to respond and that the auditor's team has the appropriate capacity, knowledge and skills to assess the business. It assesses whether the audit plan has been met and discusses any areas for concern or improvement which may be suggested by either the auditor or the Company.

FRC audit quality review

During 2024, the Committee was made aware that the FRC's Audit Quality Review Team (AQRT) would be reviewing BDO's audit of the Group's 2023 financial statements as part of its annual inspection of audit firms. The Committee received and reviewed the final report from the FRC in March 2025 and discussed the findings with BDO's new lead audit partner. The Committee was satisfied that the matters raised by the AQRT were appropriately incorporated into the 2024 external audit plan.

FRC letter

In October 2024, the Company received a letter from the FRC advising that it had conducted a review of the Company's 2023 Annual Report and Accounts, in accordance with the FRC Corporate Reporting Review Operating Procedures. The FRC's letter provided no assurance that the Annual Report and Accounts were correct in all material respects; the FRC's role being not to verify the information provided to it but to consider compliance with reporting requirements. The letter confirmed that based on its review, there were no questions or queries that the FRC wished to raise, and furthermore provided some presentational guidance on matters which are not material for the 2024 Annual Report and Accounts. Alongside the Company's auditor, the Committee has considered these recommendations in the production of the 2024 financial statements.

Non-audit fees

The Committee monitored the implementation of the Non-Audit Fees Policy, which, during the year under review, aligned with the FRC's Revised Ethical Standard published in December 2019. Audit and non-audit fees paid to BDO during the year are disclosed in Note 3 to the financial statements in this Annual Report. The policy limits expenditure on non-audit work to 70% of the average of the previous three years of full audit fees. No non-audit fees were incurred during the year that exceed the policy limit, and expenditure was therefore compliant with the Non-Audit Fees Policy.

Committee performance review

As identified as an area for development in the 2023 evaluation, the appointment of Grant Thornton LLP has accelerated the embedding and maturity of the risk approach during 2024. The 2024 external performance review conducted by Bvalco concluded that the Committee continued to perform effectively. Recommendations for development included ensuring that the Committee maintains a clear focus on risk management maturity, particularly accountability for risk in the executive layer, together with signposting clearly what the Board should be considering as emerging risks. The Company's approach to risk is detailed on pages 39-42.

The year ahead

The Committee will remain focused on its primary responsibilities to monitor the integrity of the Company's financial statements and ensure that internal controls and risk processes operate effectively. We will continue to oversee the development and effectiveness of the Group's risk management framework, in particular management's preparations concerning material internal controls.

Caroline Brown
Chair of the Audit and Risk Committee
20 March 2025

Remuneration and Nomination Committee report

"The Committee is maturing in its approach to coverage of Remuneration and Nomination Committee topics, and as a Committee we continue to benefit from efficiencies available through tackling topics that are regularly linked."

Tudor Brown
Chair of the Remuneration and Nomination Committee

Introduction

I am pleased to present the Remuneration and Nomination Committee (the "Committee") Report for the year ended 31 December 2024. The Committee is maturing in its approach to coverage of Remuneration and Nomination Committee topics, and as a Committee we continue to benefit from efficiencies available through tackling topics that are regularly linked.

Last year the Committee reviewed and submitted the Company's Remuneration Policy for shareholder approval. As a Committee, we were delighted with the high levels of support the policy received from shareholders.

During the year the Committee led the recruitment process for Stuart Paynter, who joined the Board in October 2024 as Chief Financial Officer. A rigorous process was followed, which is discussed on page 63 of this report. As part of the process to attract an individual of the required calibre, a review of Executive Director remuneration, benchmarked against peers, was undertaken. This resulted in a recommendation for increased base salary levels for the CFO and CEO roles. The Directors' Remuneration Report details the Committee rationale, which was also communicated to the Company's principal investors and the proxy voting agencies at the end of the year. I am pleased to report support from responding investors.

The Board and its Committees undertook an externally facilitated Board performance review during the year, the details of which are discussed in detail on page 54. The review of the Committee's performance showed it continued to operate effectively, with areas for future development as discussed in this report on page 66.

Committee composition

Membership of the Committee comprises four Non-Executive Directors. The Chair of the Board is also a member of the Committee in order to ensure nomination matters have the required input and leadership. The Chair of the Board was considered independent on appointment to the Committee and does not chair the Committee at any time.

Committee membership

Tudor Brown (Committee Chair)

Julia King

Warren Finegold

Karen Bomba

No Director is involved in any discussion or decision relating to their own remuneration and the Chair is not involved in any discussions relating to their succession.

Other Directors and individuals such as the Chief People Officer and external advisers are invited to attend meetings as required.

Role of the Committee

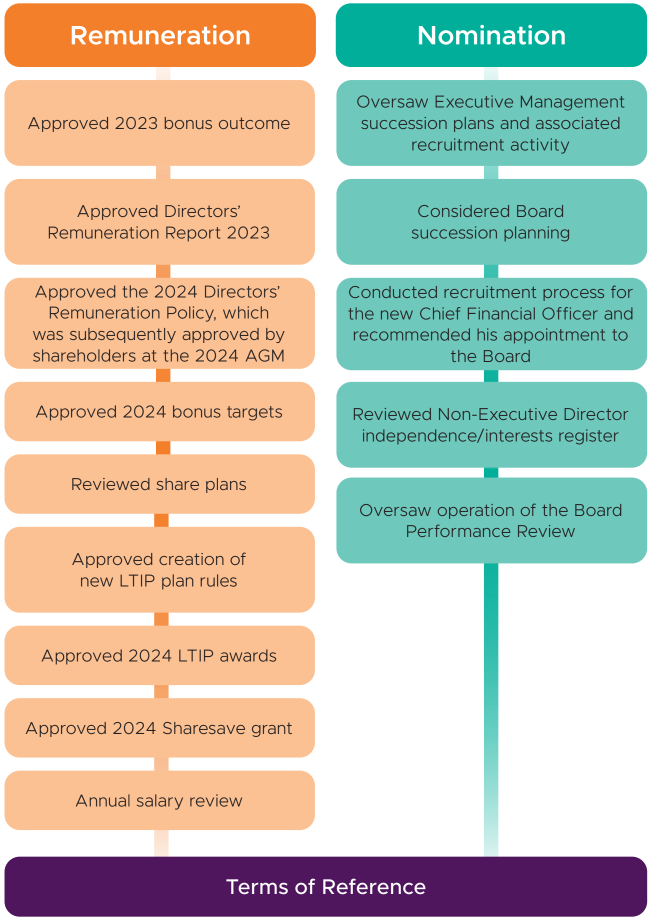
The Committee has a dual role covering both the requirements of a Remuneration Committee and also those of a Nomination Committee. The Committee governs all aspects of the Chair, Executive Directors and Executive Committee members' remuneration and reward arrangements and advises on employee benefit structures for the Company. It is responsible for reviewing the composition and structure of the Board and for identifying and recommending candidates for Executive and Non-Executive Director appointments. The Terms of Reference for the Committee are available on our website at:

Read more on our website
www.ceres.tech/about-us/corporate-governance

Committee activities 2024

The Committee met six times during the year ended 31 December 2024, and attendance is shown on the table on page 52 of the Corporate governance report.

The chart below shows the key activities undertaken by the Committee during the year and more information on the remuneration aspects can be found in the Directors' Remuneration Report and the Remuneration Policy on pages 67 to 87.



Nomination matters

Board composition

As at 31 December 2024, the Board comprised ten Directors, five of whom are considered independent (excluding the Chair). Julia King is the Senior Independent Director. Caroline Brown assumed the Chairship of the Audit Committee following the departure of Aidan Hughes at the conclusion of the 2024 AGM. On 1 October 2024, Stuart Paynter was appointed as CFO, following Eric Lakin stepping down from the Board. This followed a rigorous recruitment process, illustrative of the process used to appoint Directors, which is detailed below. Uwe Glock, the Bosch Shareholder Representative Non-Executive Director, resigned on 19 February 2025.

Appointment of Stuart Paynter as CFO

Search firm engaged	Russell Reynolds Associates ("RR") was selected as search agency, previously having sourced high-calibre candidates for the Board. RR has no other connection to the Company or any of its individual Directors.
Criteria for skills and experience determined	Input sought from the Board on desired skills and experience, which included: • CFO of a Main Market listed company; • Extensive financial and commercial experience; • Strong capital markets, UK governance and transformation delivery track record; and • Demonstrable leadership capabilities and the gravitas expected by our investors.
Role profile formalised	A role profile based on candidate specifications was produced and provided to the Committee. Once formalised, RR was instructed to commence the search process.
Long list of candidates	A long list of 20 candidates comprising an appropriately diverse set of candidate profiles was considered by the Committee members, with access to advise from the search agency and internal human resources leads. The long list was narrowed to a short list of four candidates based on the best match for the role profile.
Short list of candidates interviewed by the Chair and CEO	Short-listed candidates were interviewed by the Chair, CEO and Audit and Risk Committee Chair. Based on depth of experience, skills and abilities complementary to those already present on the Board, and ability to act as an effective adviser and partner to the incumbent CEO, two candidates were selected for interview with other Board members.
Board member interviews	Candidates were interviewed by a number of individual Directors with results fed back to the Committee.
Preferred candidate recommended to the Board	On review of the results of the process, a preferred candidate was identified for recommendation to the Board.
Board approval of appointment	The Board formally offered the CFO role to the preferred candidate, noting the high quality of candidates interviewed. On his acceptance, and following a suitable handover period, Stuart Paynter was officially appointed to the Board.
Tailored induction	• Mandatory employee training on Company's culture and values, health and safety and other policies; • Meetings with Board members and key investors; • Introductions to internal colleagues and functions; and • Briefings from external advisers.

Remuneration and Nomination Committee report continued

Succession planning

The Committee discussed and enacted succession plans during the year for Board and Executive Committee roles to ensure that the future of the business was safeguarded, and that sufficient effort and attention were being paid to the leaders of the future. Encouraging and developing a diverse pipeline of talent is key to the long-term sustainability of the Company and is inextricably linked with the attraction and retention of talent.

The tenure of each Board member is set out in the chart on page 50 and is monitored carefully to ensure suitable plans are in place for the renewal and recruitment required to ensure the continuity of the Board.

Each year as part of the ongoing assessment of skills and experience on the Board, Board members are asked to complete a skills assessment to help to identify any skills gaps or areas we could seek to strengthen in the future. The outcome of this assessment is detailed below. The Committee will continue to review the skills and experience present on the Board to ensure that composition remains appropriate for the business.

	Director								
Experience	Karen Bomba	Trine Borum Bojsen	Caroline Brown	Tudor Brown	Warren Finegold	Julia King	Phil Caldwell	Stuart Paynter	Nannan Sun
Senior leadership	3	3	3	3	3	3	3	3	3
Industry	2	3	2	2	2	3	3	1	3
Global	3	3	2	3	3	2	3	3	2
Financial	2	2	3	3	3	2	3	3	2
Innovation and technology	3	3	2	3	2	3	3	2	3
Public company and corporate governance	2	2	3	3	3	2	3	3	2
Government relations and regulatory	2	3	1	3	2	3	3	3	2
Risk management	2	2	3	2	3	2	2	3	2
Environmental and sustainability	2	3	2	1	2	3	3	2	2
Executive compensation	3	2	2	3	3	2	2	2	2

1 No/limited experience 2 Some experience 3 Considerable experience

Gender balance and ethnicity

The Board believes strongly that diversity of thought is crucial to effective decision making and that diversity in all its forms is beneficial in the composition of the Board. The gender balance of the Board is set out on page 50, and whilst a nominal target is not the Board's motivation for recruitment, it is a welcome outcome of suitable appointments to the Board. The current gender balance meets the Financial Conduct Authority's ("FCA") target of at least 40% women on boards. The target for one of the senior roles on the Board (Chair, CEO, CFO or SID) to be held by a woman is met; Julia King is the Senior Independent Director.

The Company has a Board-approved Diversity, Equality, Belonging and Inclusion Policy. The Board supports and demonstrates a culture of inclusion and welcomes diversity throughout the business, recognising the benefits and strengths that come with different backgrounds and perspectives.

In compliance with UK Listing Rule 6.6.6R(10), the following tables set out the disclosed gender balance and ethnicity of our Board members and Executive Committee team as at 31 December 2024. Data was collated via a restricted questionnaire to each Director and Executive Committee member with options consistent with those set out in the tables below (including an option to decline in compliance with the UK General Data Protection Regulation). An acknowledgement that the data provided would be published in this report and provided to the Parker Review was also included.

The data collated confirms that the Board, as at 31 December 2024, met the target set by the Parker Review of at least one Director from a minority ethnic background.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management*	Percentage of Executive Management	Number of Executive Management's direct reports	Percentage of Executive Management's direct reports
Women	5	50%	1	2	29%	6	19%
Men	5	50%	3	5	71%	25	81%
Other categories	0	0%	0	0	0%		
Prefer not to say	0	0%	0	0	0%		

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority-White groups)	8	80%	4	7	100%
Mixed/Multiple ethnic groups	1	10%	0	0	0%
Asian/Asian British	1	10%	0	0	0%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

* Executive Management includes the CEO and CFO.

Remuneration and Nomination Committee report continued

Director induction and onboarding
Incoming Directors undertake a tailored induction programme, which includes briefings on their duties as a Director, the listed company environment, and Company-specific policies and procedures and Board pack software. A series of one-to-one meetings with Board members and Executive Committee members along with on-site visits and tours are undertaken to ensure new Directors have a thorough understanding of the business. Whilst inductions are designed to cover all necessary aspects for a new Director, requests for additional meetings or information are met wherever possible.

Director re-election
All Directors are subject to and will stand for annual re-election at the Company's 2024 Annual General Meeting in compliance with the Corporate Governance Code 2024 and the Company's Articles of Association. Details of the skills, experience and specific strengths each Director brings to the Board are set out on pages 48 to 50.

Board performance review
In accordance with the three-year cycle of external evaluation, the Board performance review was conducted by Bvalco. Full details of the Board performance review, including how it was conducted, the nature and extent of the external evaluator's contact with the Board and individual Directors, and the outcomes and actions taken as a result of the review are detailed on page 54. As evidenced by the findings of the review, the Committee and the Board considers the current composition of the Board to be appropriate, with the Board, its Committees and individual Directors continuing to operate and contribute effectively.

Committee performance review
The Committee was externally reviewed by Bvalco as part of the overall performance review. The review recognised the pragmatic approach taken in combining the roles of these Committees and that the oversight of the remuneration elements of the Committee's remit were being discharged effectively. The review recommended that more time be devoted to matters for consideration under the nomination remit, particularly around Board and Executive leadership, performance, talent and succession. Over the coming year, the Committee will review the structures of its agendas and workload to address these recommendations and will provide an update on progress in the 2025 Annual Report.

Tudor Brown
Chair of the Remuneration and Nomination Committee
20 March 2025

Directors' Remuneration Report

"During the year the Company's Remuneration Policy was presented to shareholders for approval. As a Committee, we were delighted with the high levels of support the policy received from shareholders."

Tudor Brown
Chair of the Remuneration and Nomination Committee

Statement by the Chair of the Remuneration Committee

Dear Shareholders,

As Chair of the Remuneration and Nomination Committee (the "Committee"), I am pleased to present our 2024 Directors' Remuneration Report on behalf of the Board.

The report is divided into the following sections:

Please refer to pages 62 to 66 for details of the composition and focus of the Committee during 2024.

Business context and Company performance

2024 was a successful and transformative year for Ceres. We achieved our highest ever annual revenue £51.9m and order intake £112.8m in 2024, reflecting the greater emphasis placed on commercial activities and the building of new partnerships around the world.

Alongside a continued investment in the development of our SOFC and SOEC technology, and focus on the path to commercialisation with our partners, Ceres is positioned well as a key player in the clean energy mission. We restructured the business during the year to better execute our strategic plans, optimise the cost base and manage our capital to maintain a strong balance sheet and future focus.

Notable achievements for 2024 were:

- Three partner licence agreements secured – two major manufacturing licences and one systems licence resulting in a record commercial year for Ceres;
- Rapid commercialisation of SOEC technologies validating investment into green hydrogen. These new agreements take Ceres into new regions, including the dynamic Indian energy transition market;
- Continued progress with SOFC partners, with initial royalties anticipated from Doosan by the end of the current financial year;
- New market opportunities emerging in data centre and distributed power applications; and
- Cost base optimisation positions the Company well for continued growth with modest cash burn.

Remuneration Policy

Following shareholder approval of our Remuneration Policy (91.27% in favour) at the 2024 AGM, the focus this year has been on implementing the policy as set out in last year's Annual Report on remuneration. Details of the Remuneration Policy can be found on pages 73 to 77.

Executive Director changes and remuneration

In last year's report, we set out a clear need to address Executive Director pay and this was consequently a key area of focus for the Committee in 2024. As part of normal practice, the Committee reviewed benchmarking analysis, which compared the Executive Director's compensation to executives at FTSE 250 peers of comparable size. The Committee noted the material gap in Phil Caldwell's salary and his total Target Direct compensation (TDC) opportunity versus peers. In view of his strong performance and demonstrated leadership, the Committee approved an adjustment of 30% to partially address the gap to market pay alongside a 4% salary increase equal to the broader employee salary increase. This total increase of 34% results in a base pay £500,000 annum which remains below lower quartile and brings his total target compensation to between lower quartile and median versus FTSE 250 peers.

The Committee revisited the proposed salary increase given the notable fall in share price in 2025. Given Phil Caldwell's significant base salary gap to market, the strong performance of the company in 2024 and previous commitments made in last year's report, the Committee agreed that the increase remained necessary in order to retain a high-performing CEO and position the Company to return value to shareholders over the course of 2025 and beyond. The Committee also considered base salaries of CEOs at FTSE SmallCap peers and were comfortable that the 34% increase to £500,000 annum was aligned with the market median of companies of a similar size.

Directors' Remuneration Report continued

Executive Director changes and remuneration continued

Additionally, the adjustments made to Ceres' executive remuneration policy as approved by shareholders at the 2024 AGM saw a reduction in the maximum variable pay opportunity to better align with market practice for London Stock Exchange listed companies, further impacting the overall competitiveness of the Executive Director's total compensation package. The Committee would like to provide comfort to shareholders that a rigorous target setting process for 2025 incentive awards has been conducted and stretching performance targets set, incentivising the CEO to recover value for shareholders.

During the first half of 2024, we initiated a search for a new Chief Financial Officer (CFO). Our search partners (Russell Reynolds) made it clear that in the search for a new CFO, we would need to consider a base salary range in the region of £350,000 to secure candidates of the calibre needed to support the next phase of growth and commercialisation for the business.

Following a rigorous search process, Stuart Paynter was selected and appointed as our new CFO with effect from 1 October 2024 on a base salary of £350,000. This level of base pay, which reflects his experience as a seasoned CFO, matched his previous base salary at Oxford Biomedica plc and remains fixed at this rate for 2025. Stuart brings extensive financial and commercial experience across a range of advanced technology sectors, as well as a strong track record in capital markets, UK governance, and transformation delivery.

We are confident that despite the increase in Executive Directors' base salaries, these still maintain alignment with our remuneration philosophy and policy of modest base pay with the potential to deliver a median-based overall compensation package through the variable pay elements which are aligned to shareholder interests and subject to strong company performance.

Shareholder engagement

We engaged with our major shareholders (representing >60% of shareholding) and advisory bodies during December 2024 to provide an overview of the proposed changes to Executive Director pay and seek their feedback. We understand and appreciate the need for appropriate context and rationale in support of our decisions and welcomed the opportunity to discuss these in January 2025.

We have sought to address the points raised through the shareholder engagement process in our Director's remuneration report and thank our shareholders for their input and guidance.

New LTIP

With the existing long-term incentive plan (set up in 2016) nearing expiry, the Committee conducted a review of the LTIP and commissioned Tapestry to draw up a new plan which will be put to a binding shareholder vote at the AGM in May 2025.

Full details of the terms of the plan rules will be in the Notice of AGM.

Employee reward and engagement

The overarching remuneration arrangements for the wider workforce are considered by the Committee and taken into account when reviewing the remuneration arrangements for the Executive Directors and the Executive Management Team.

Feedback is received into the Committee via employee engagement sessions along with the annual employee survey and considered against emerging trends and best practice as shared by the Chief People Officer and external compensation advisors.

We reviewed the performance measures and outcomes associated with the contractual and discretionary bonus schemes to ensure alignment with our strategy, company performance, remuneration philosophy and the approach to awards at Executive Director level.

In an effort to promote a performance driven culture, within an environment of transparency, accountability and strong collaboration, we implemented a new system of quarterly objectives and key results across the senior leadership team. This approach, which has generated positive results, will be extended further down the organisation for 2025.

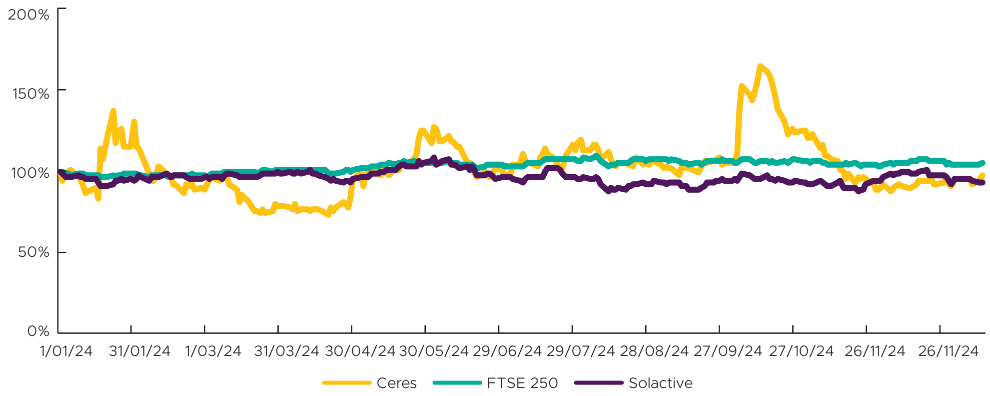
The Committee also reviewed the quantum and timing of broader workforce salary awards, closely monitoring inflation as well as company performance. Salary awards for 2024 were implemented in a staged approach, with a Company-wide increase of 3% applied in January 2024, followed by a further review in July 2024, resulting in increases ranging from 0% at director level up to 3% at technician levels. July represents the timing of annual salary reviews in future years as communicated to managers and employees, with feedback sought via managers, during January 2024.

All permanent employees are offered the opportunity to become shareholders of the Company through participation in the employee share save scheme (UK-based employees only) and the long-term incentive plan (LTIP) where appropriate.

Share price performance

Our share price, which declined during 2023, largely held flat during 2024 with some positive fluctuations following partner announcements and our interim results. We recognise that market conditions remain challenging and unfavourable, and are somewhat out of our control. Our focus remains resolutely on ensuring we deliver strong business results and continue to support partner success to build a strong sustainable business and deliver shareholder returns in the long term.

2024 Share price performance compared to FTSE 250 and our Peers represented by the Solactive Hydrogen Index



Remuneration decisions

The Committee carefully considered remuneration decisions and outcomes to ensure they appropriately reflected the company performance, and the Committee did not seek to use its discretion to adjust the formulaic bonus and LTIP outcomes for 2024, with its decisions summarised below.

Directors' Remuneration Report continued

Salary

The Committee made Executive Director salary adjustments as outlined above

2024 bonus awards

When determining the bonus outturns, the Committee considered the formulaic outcome of the Corporate Key Performance Indicators along with the wider business and individual impact and performance in 2024, incorporating ESG achievements. Details of this are provided in the annual report on remuneration.

In considering the overall financial and operational performance of the Company, the Committee determined an annual bonus award of 89.53% of maximum for Phil Caldwell and 89.03% of maximum for Eric Lakin was appropriate. Eric's bonus was prorated to reflect his 9 months as an Executive Director plus a month's handover to ensure a seamless transition to Stuart Paynter. Stuart Paynter was awarded a discretionary bonus of £80,000, representing a prorated payment following his handover from Eric.

2022 LTIP awards

The 2022 LTIP award covering performance in the 2022-2024 period vested on the basis of a 40% outcome. Full details of this are set out in the annual report on remuneration.

Chair and Non-Executive Director fees

No increase in fees were applied to the Chairman and Non-Executive Directors in 2024. These will be reviewed again in 2025.

2025 bonus

The Committee intends to adopt a similar approach to the framework of the bonus scorecard and performance criteria in 2025. Full details of these awards will be shared in the 2025 remuneration report.

2025 LTIP

Considering the significant fall in the share price since the last round of grants, the Committee considered whether LTIP grant sizes in 2025 should be reduced. Executives have, like other shareholders, already experienced substantial reductions in the value of shares, and LTIP awards they hold, and there has been low vesting under recent LTIP awards. However, mindful of the views of shareholders on this issue, the Committee are proposing to reduce the 2025 LTIP grant for Executive Directors by at least 20% of the maximum permitted under Ceres' remuneration policy. LTIP awards will be granted post the AGM in May, and the Committee plans to reevaluate the reduction closer to the grant date to assess whether 20% is sufficient or a greater reduction is appropriate.

The performance measures will continue to consist of a mixture of financial (e.g. revenue growth and relative TSR), technology development and sustainability metrics.

Closing remarks

On behalf of the Committee, I would like to congratulate the Ceres team on the delivery of a record year. The results reflect the efforts and strong commitment of the Executive Management along with the whole team to building a successful business capable of delivering strong future shareholder value.

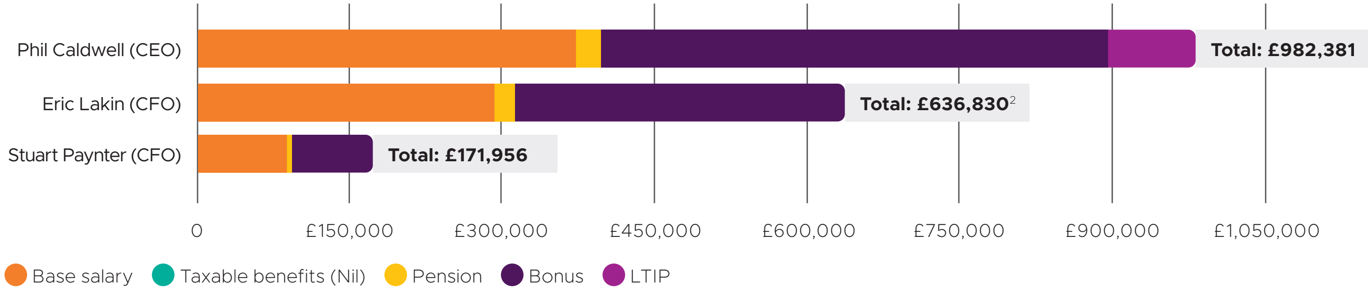
I would also like to thank shareholders for their engagement on remuneration matters over the past year and look forward to continuing the dialogue during 2025, especially in the context of implementing the new LTIP scheme rules being presented for approval at the AGM.

Tudor Brown
Chair of the Remuneration and Nomination Committee
20 March 2025

Remuneration at a glance (audited)

Overview of Executive Director remuneration in 2024

Single figure remuneration at a glance



Fixed pay and shareholding		
Actual salary		
Phil Caldwell (CEO) £372,000 (0%)	**Eric Lakin (CFO) £292,000 (0%)**	**Stuart Paynter (CFO) £87,500[1]**
Pension		
Phil Caldwell (CEO) £24,565	**Eric Lakin (CFO) £19,870**	**Stuart Paynter (CFO)[1] £4,456**
The maximum annual pension contribution/cash allowance for Executive Directors is in line with the rate for all employees at up to 8% in the UK.		
Shareholding MSR (%)		
	Target levels, % of base salary	**Actual levels, % of base salary (at 31.12.24)**
CEO	**200%**	**515%**
CFO	**150%**	**7%**

Variable pay		
2024 bonus		
Phil Caldwell £499,577 (89.5% of maximum)	**Eric Lakin £324,960[2] (89.0% of maximum)**	**Stuart Paynter £80,000**
LTIP vesting outcome		
Phil Caldwell 40%	**Eric Lakin —**	**Stuart Paynter —**
Measures	**Weighting**	**Achievement**
Cumulative income	**20%**	**Below minimum threshold**
Share price	**20%**	**Below minimum threshold**
Partner progress	**20%**	**Below minimum threshold**
New licences	**40%**	**Max target met**

1. Stuart Paynter joined the Company on 1 October 2024.
2. Eric Lakin stood down from the Board on 1 October 2024. His bonus was prorated to ten months.

Directors' Remuneration Report continued

Overview of Executive Director remuneration in 2025

Fixed pay and shareholding

Base salary

Phil Caldwell (CEO)	Stuart Paynter (CFO)
£500,000	£350,000
(↑34%)	(↑0%)

Pension

Phil Caldwell (CEO)	Stuart Paynter (CFO)
£40,000 (8%)	£28,000 (8%)

The maximum annual pension contribution/cash allowance for Executive Directors is in line with the rate for all employees at up to 8% in the UK.

Shareholding

	Target levels, % of base salary	Actual levels, % of base salary (at 13.02.25)
CEO	200%	383%
CFO	150%	7%

Variable pay

Target annual bonus (% of base salary)

	Phil Caldwell	Stuart Paynter
Target	90%	90%
Maximum	150%	150%

Bonus scorecard

LTIP target awards (% of base salary)*

	Phil Caldwell	Stuart Paynter
Target	150%	120%
Maximum	250%	200%

Performance criteria

* The actual 2025 LTIP awards will be subject to a reduction of at least 20% when granted post the AGM.

Executive Directors' Remuneration Policy

Remuneration Policy

The Directors' Remuneration Policy was approved at the 2024 AGM and remains in effect until the 2027 AGM. For ease of reference, the policy is set out below.

Executive Directors' Remuneration Policy – fixed remuneration

Component	Purpose	Operation	Opportunity	Performance metrics
Base salary	To provide appropriate remuneration based on role remit and contribution to leadership and Company strategy.	Salaries are reviewed at least annually and take into account a range of factors, including: • Market competitiveness for Executives in companies of a similar size and industry sector; • Size and scope of the role; • Skills and experience of the individual; • Performance of the Group and of the individual; • Wider market and economic conditions; and • Internal relativities, including the level of increases being made across Ceres.	There is no defined maximum salary. The Committee's normal approach is to initially consider salary increases in line with the rest of the Company. Higher increases may be made if the Committee considers it appropriate, for example to reflect: • Shortfall to market; • An increase in the scale, scope, or responsibility of the individual's role; • Development of the individual within the role; • Significant market movement; and • Where the organisation has undergone significant change.	None.
Pension	To provide an opportunity for Executives and employees to build up income on retirement.	Executives participate in the Group Personal Pension ("GPP") plan, or a similar cash allowance is provided for those exceeding HMRC pension allowances. In certain jurisdictions, more bespoke pension arrangements may be provided. In such circumstances, the Committee will give appropriate consideration to local employment legislation, market practices and the cost of the arrangement.	The maximum annual pension contribution/cash allowance for Executive Directors is in line with the rate for all employees at up to 8% in the UK. Non-UK-based Executive Directors will be aligned with local market rates.	None.
Benefits	To provide market competitive employee benefits.	Benefits are reviewed and benchmarked periodically to ensure they remain affordable and competitive. Benefits include, but are not limited to, health-related benefits, Sharesave Scheme and insurances. Where relevant, additional benefits may be offered if considered appropriate and reasonable by the Committee, such as assistance with the costs of relocation.	There is no defined maximum. Benefits plans are set at reasonable levels in order to be market competitive for their local jurisdiction and are dependent on individual circumstances. While the Committee has not set an overall level of benefit provision, the Committee keeps the Benefit Policy and benefit levels under review.	None.

Directors' Remuneration Report continued

Executive Directors' Remuneration Policy continued

Remuneration Policy continued

Executive Directors' Remuneration Policy – variable remuneration

Component	Purpose	Operation	Opportunity	Performance metrics
Annual bonus	To incentivise and reward strong performance against annual business goals and objectives.	The Committee will set performance metrics, weightings and targets at the start of each year. The Committee considers the extent to which these have been achieved and determines the award level, after the year end. Recovery and withholding provisions apply to awards earned. The bonus is paid in cash at the end of the relevant financial year. The annual bonus is subject to malus and clawback provision.	The maximum award is 200% of salary. Target and threshold levels are set at 60% and 25% of maximum, respectively.	Using a weighted scorecard approach, performance is measured against agreed metrics. Whilst not an exclusive list, examples can include covering financial performance, commercial scale, licensee success and technological advancement, as well as other strategic and ESG measures. No bonuses are paid for below threshold performance. The Committee may award any amount between zero and 100% of the maximum opportunity. The Committee retains the discretion to adjust the bonus if it considers that the formulaic outcome does not reflect underlying business performance or the experience of shareholders.
Long Term Incentive Plan ("LTIP")	To engage and motivate Executive Directors to deliver on KPIs that support the long-term Company strategy in order to deliver long-term returns to shareholders.	An annual award of Ceres Power Holdings shares are granted and subject to performance criteria over a three-year performance period. An additional holding period of two years applies post vesting. The performance period normally starts at the beginning of the financial year in which the date of grant falls. Award levels and performance conditions are reviewed before each award cycle to ensure that they remain appropriate. Dividends (or equivalents) may be paid on vesting. Unvested awards are subject to a malus and clawback provision and vested awards are subject to clawback.	The annual maximum is 250% of salary. Threshold performance results in 25% vesting, rising to 100% vesting for maximum performance.	The vesting of awards is linked to agreed performance criteria, which may include, but is not limited to: • Financial performance; • Licensee success; • Key business and technology milestones; and • Relative share price performance. Metric weightings and targets may vary from year to year. For each performance element, achievement of the threshold performance level will result in no more than 25% of the maximum award paying out. For achievement of the maximum performance level, 100% of the maximum pays out. Normally, there is straight-line vesting between these points. The Committee shall determine the extent to which the performance measures have been met. The Committee has discretion to amend the performance criteria in exceptional circumstances if it considers it appropriate to do so with appropriate justification and disclosure. The Committee (acting fairly and reasonably) has the ability to exercise discretion in adjusting the formulaic outcome of incentives to ensure the outcome is reflective of the performance of the Company and the individual over the period.

Executive Directors' Remuneration Policy continued

Other elements of Executive Director Remuneration Policy

Component	Purpose	Operation	Opportunity	Performance metrics
Shareholding guidelines	To ensure sustained alignment between the interests of the Executive Directors and shareholders.	CEO: 200% of salary. Other Executive Directors: 150%. There is an expectation that this shareholding requirement will be built over a period of five years.	None.	None.
Post-employment shareholding guidelines	Ensures there is an appropriate amount of "tail risk" for Executive Directors post cessation of employment.	CEO: 200% of salary. Other Executive Directors: 150%. Expected to retain shares of value equal to the minimum shareholding requirement for two years post departure from the Company. In cases where the individual has not had sufficient time to build up their share ownership to meet the minimum shareholding requirement prior to their departure from the Company, the post-employment shareholding requirement will be based on their actual level of shareholding on departure. The Committee has discretion to vary or waive part or all of the post-employment shareholding requirement in exceptional circumstances.	None.	None.
Malus and clawback	The Committee, in its absolute discretion, may apply malus and/or clawback at any time prior to the vesting of an award that could reduce, cancel or impose further conditions and/or apply clawback at any time within three years of payment to receive back some or all of the vesting awards or paid bonus. Whilst not an exhaustive list, malus and/or clawback would apply to variable pay in certain specified circumstances including: • Misconduct; • Material misstatement or restatement of financial results affecting the assessment of a performance condition; or • Where there has been an error or inaccuracy relating to the calculation or determination of variable pay.			
Executive Director service agreements	All Executive Directors have service agreements that terminate on six months' notice. Service contracts for new Executive Directors should not contain terms that are materially different from those summarised in this section or contained in the policy. • Notice or contract periods should be one year or less; • The Company may terminate the contract at any time with immediate effect and pay a sum in lieu of notice; • The Company has the right to place an Executive Director on garden leave; and • The Company may terminate the contract summarily in particular defined circumstances without further payment, such as gross misconduct.			

Directors' Remuneration Report continued

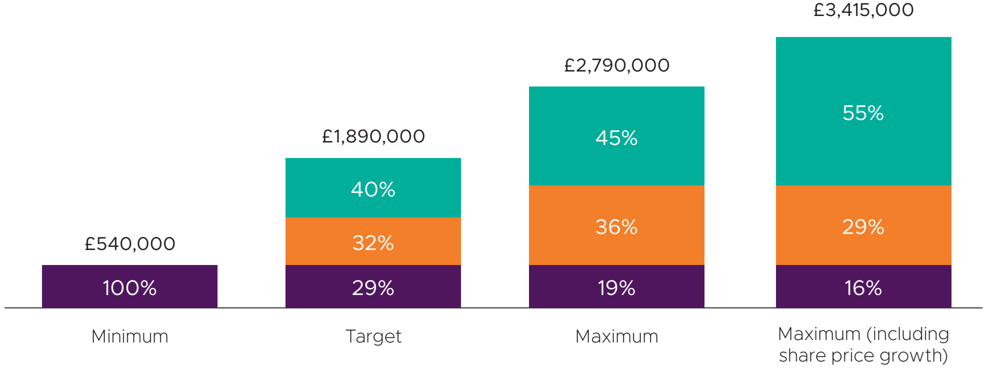
Executive Directors' Remuneration Policy continued

Component	Purpose	Operation	Opportunity	Performance metrics
Approach to recruitment remuneration for Executive Directors	Typically, new Executive Directors' ongoing remuneration will be set in a manner consistent with the Remuneration Policy. When a new Executive Director is recruited, the Committee may make an award to buy out variable remuneration arrangements forfeited on leaving a previous employer (accounting for form of award, value forfeit, performance conditions, time over which the award would have vested). Consistent with the UK Corporate Governance Code, the Committee would intend to pay no more than it believes is necessary to secure the required talent. The maximum level of variable pay that may be awarded to new Executive Directors (excluding buy-out arrangements) in respect of their recruitment will be in line with the maximum level of variable pay as outlined in the Remuneration Policy. The Committee will ensure such awards are linked to the achievement of appropriate and challenging performance measures. Appropriate and reasonable costs and support would be covered if the recruitment requires relocation of the individual.			
Principles of payment for loss of office for Executive Directors	The Company approach to determining payment for loss of office will normally be guided by the following principles: • The Committee shall seek to apply the principle of mitigation where possible, as well as seeking to find an outcome that is in the best interests of the Company and shareholders as a whole, taking into account the specific circumstances; • Relevant contractual obligations, as set out above, shall be observed or taken into account; • The Committee reserves the right to make additional exit payments where such payments are made in good faith to satisfy an existing legal obligation (or by way of damages for breach of any such obligation) or to settle or compromise any claim or costs arising in connection with the employment of an Executive Director or their termination, or to make a modest provision in respect of legal costs and/or outplacement fees; • No awards should vest where an individual has been dismissed for cause; • The treatment of outstanding variable remuneration shall be as determined by the relevant plan rules; and • Any payments for loss of office shall only be made to the extent that such payments are consistent with this policy.			

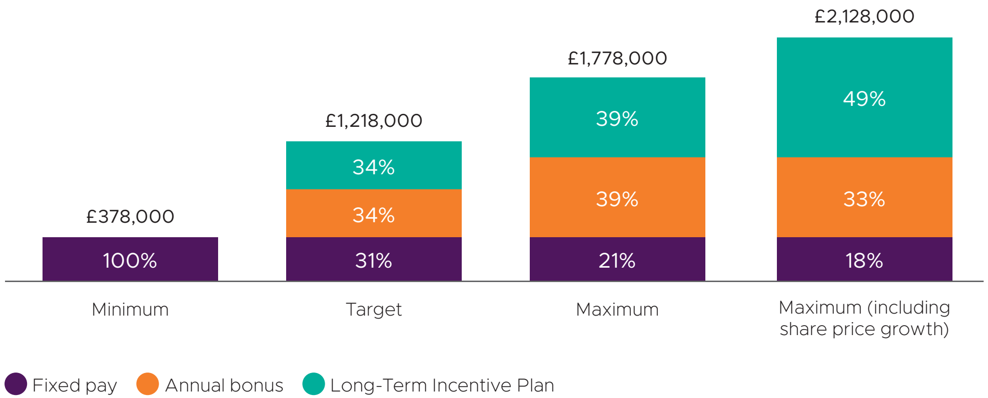
Executive Directors' Remuneration Policy continued

Scenario charts

Phil Caldwell, CEO



Stuart Paynter, CFO



The table below outlines the assumptions associated with the scenario charts above.

Performance scenario	Details of assumptions
Minimum (fixed remuneration)	• Comprised of base salary, benefits and pension, i.e. fixed remuneration. There is no bonus award and no vesting under the LTIP; • Base salary with effect from 1 January 2025; • Benefits as they applied on 31 December 2024 and are set out in the single figure table in the Annual Report on Remuneration; and • Pension equivalent to 8% of base salary.
Target	• Comprised of fixed remuneration, annual bonus and vesting under the LTIP; • For on-target performance, it assumes payment of 60% of the maximum opportunity for the annual bonus award (90% for the CEO and CFO); and • For on-target performance, it assumes payment of 60% of the maximum opportunity for the vesting of the LTIP (150% for the CEO and 120% for the CFO).
Maximum	• Comprised of fixed remuneration, annual bonus and vesting under the LTIP; • For maximum performance, it assumes payment of 100% of the maximum opportunity for the annual bonus award (150% for the CEO and CFO); and • For maximum performance, it assumes payment of 100% of the maximum opportunity for the vesting of the LTIP (250% for the CEO and 200% for the CFO).
Maximum + 50% increase in share price	• Comprised of fixed remuneration, annual bonus and vesting under the LTIP; • For maximum performance, it assumes payment of 100% of the maximum opportunity for the annual bonus award (150% for the CEO and CFO); and • For maximum performance, it assumes payment of 100% of the maximum opportunity for the vesting of the LTIP (250% for the CEO and 200% for the CFO), plus an assumption of 50% share price appreciation during the performance period.

Directors' Remuneration Report continued

Executive Directors' Remuneration Policy continued

Non-Executive Directors' Remuneration Policy

Component	Operation	Opportunity	Performance metrics
To attract and retain Non-Executive Directors of a high calibre that have the expertise, responsibility and the time commitment to be able to contribute to an effective Board and deliver long-term sustainable shareholder value.	Fees are normally reviewed on an annual basis and amended to reflect market positioning and any change in responsibilities on a needed basis. Directors have formal letters of appointment that can be terminated on one month's written notice by either side. The Committee recommends the remuneration of the Chair to the Board. Fees paid to Non-Executive Directors are determined by the Executive Directors and approved by the Board as a whole. The Chair and Non-Executive Directors receive no other pay or benefits, except for reimbursement of expenses, and do not participate in incentive plans. The Company covers the costs of attending meetings and Non-Executive Directors may be reimbursed for any business expenses incurred in fulfilling their roles.	The Chair is paid a single fee for all responsibilities. The Non-Executive Directors are paid a basic fee, which encompasses membership of one Board Committee. Committee Chairs and those having other additional responsibilities may be paid an additional fee.	None.

Remuneration in wider context

When reviewing Executive Director remuneration, the Committee takes into consideration our wider workforce to ensure that our total reward offering is compelling and aligned to our business performance, whilst supporting a culture that is inclusive and in which our people feel valued.

The Committee also takes into account the principles of the UK Corporate Governance Code and the factors outlined within Provision 40 as described below:

Area	Our philosophy and approach
Clarity and simplicity	Our remuneration principles and arrangements for the Executive Directors are set out clearly in our Remuneration Policy and are closely aligned with the wider workforce arrangements, particularly with regard to the fixed pay elements. All employees are eligible to participate in a discretionary bonus scheme and are invited to invest in the long-term success of the business through our employee share save scheme or LTIP programme. The Committee will continue to consult with shareholders and employees to ensure our remuneration principles and arrangements are understood and supported.
Risk	We operate minimum shareholding requirements, post-vesting holding arrangement as well as malus and clawback provisions to manage risk and ensure strong alignment to business performance and shareholder interests.
Predictability and proportionality	Our Remuneration Policy is based on the principles of modest base pay and defines clear maximum limits for variable based pay, with pay-outs under these elements being subject to meeting clear performance criteria which align to our business strategy and publicly stated ambitions.
Alignment to culture	Ceres' purpose, strategy and values continue to be directly reflected in our Remuneration Policy and the performance criteria set under the annual bonus and long-term incentive schemes.

Annual Remuneration Report (audited)

Total remuneration for Executive Directors

The table below sets out a single figure for the total remuneration received by the Executive Directors for the year ended 31 December 2024.

	Phil Caldwell (CEO)		Stuart Paynter[1] (CFO)	Eric Lakin (CFO)	
	2024 (£'000)	2023 (£'000)	2024 (£'000)	2024 (£'000)	2023 (£'000)
Salary	372	334[2]	88	292	275
Taxable benefits[3]	—	—	—	—	—
Pension[4]	25	28	4	20	23
Total fixed remuneration	**397**	**362**	**92**	**312**	**298**
Annual bonus	500	231	80	325[5]	177
LTIP[6]	86	—	—	—	—
Total variable remuneration	**586**	**231**	**80**	**325**	**144**
Total remuneration	**983**	**593**	**172**	**637**	**475**

1. Stuart Paynter joined the Company on 1 October 2024. His annual bonus is prorated to two months following a month handover from Eric Lakin.
2. Phil Caldwell's salary adjustment for 2023 incorporates a month's sabbatical taken during August 2023 based at 50%pay. His full-time equivalent salary was £350,000 per annum.
3. The only taxable benefit offered to the Executive Directors relates to a healthcare cash plan scheme at single level cover, in line with the wider workforce, equating to £105.24.
4. Represents a cash allowance in lieu of a pension.
5. Eric Lakin's annual bonus is prorated to ten months.
6. LTIP: the amount reported for 2024 relates to the 2022 LTIP scheme, which vested at 40%. The value of the LTIP is calculated as a product of the number of shares of the original award multiplied by the vesting percentage and the market price of ordinary shares at the vesting date.

The following sections provide further detail on the figures in the above table, including the underlying calculations and assumptions and the Committee's performance assessments for variable remuneration.

Base salary

When reviewing Executive Director salaries, in line with our Policy the Committee will take into account a range of factors, including:

- Market competitiveness for Executives in companies of a similar size and industry sector;
- Size and scope of the role;
- Skills and experience of the individual;
- Performance of the Group and of the individual;
- Wider market and economic conditions; and
- Internal relativities, including the level of increases being made across Ceres.

The Committee opted to increase Executive Directors' base pay by 6% in 2024 in line with the salary increase budget for the wider workforce.

2024 annual bonus

The annual bonus is intended to reward the delivery of short-term targets derived from the business plan and annual budget. Each December, the Board approves the forthcoming year's annual budget and business plan. The Committee uses this to set annual objectives and bonus targets. An on-budget performance is expected to deliver a 60% result for the bonus awards. The Committee incentivises outperformance by setting target objectives beyond budget (capable of delivering up to 100%) with further stretch opportunities linked to the commercial and financial KPIs (capable of delivering a 150% maximum result). Minimum threshold requirements are also established (at a 25% outturn). Any outcome below the minimum threshold requirements results in a 0% achievement for the given objective.

Directors' Remuneration Report continued

Annual Remuneration Report (audited) continued

Total remuneration for Executive Directors continued

2024 annual bonus continued

In assessing performance, the Committee uses a formulaic approach to reviewing outcomes and deliverables against the KPIs set at the start of the year. The Committee then considers the wider macroeconomic environment to assess the extent to which this may have affected outcomes.

Measure	Description	Weighting (CEO/CFO)	Min. Threshold (25%)	Budget (60%)	Target (100%)	Stretch (150%)	Result	Achievement
Commercial scale	Order intake	20%	£50m	£70m	£90m	£110m	Intake = £112.8m for the year	150%
	New partners	15%	1 licensee	2 licensees	3 licensees	4+ licensees	2 new manufacturing licensees (Delta & Denso) + 1 new system licensee (Thermax)	80%
Financial performance	Revenue	20%	£40m	£60m	£80m	£100m	Revenue = £52m	46%
	Gross margin	15%	65%	70%	75%	80%	Gross margin = 77%	120%
Licensees to succeed	Partner progress towards start of production	10%		See note A		N/A	Min-Budget	33%
Technology leadership	Product development acceleration	10%		See note B		N/A	Target	100%
ESG	Net zero strategy	5%/0%		See note C		N/A	Budget	60%
	Cultural change	5%/5%		See note D		N/A	Budget-Target	80%
Personal objectives	Individual objectives	0%/5%		See note E		N/A	50% achievement of personal objectives	50%
Overall bonus scorecard outcome								**CEO: 89.53%** **CFO: 89.03%**

Notes:

A. Assessment of partner progress towards start of production (SOP) was based on progress made against key milestones and timeframes agreed at the beginning of the year in conjunction with each of our three manufacturing partners encompassing Bosch, Doosan and Delta. Good progress was made with all three partners with one remaining fully on track at the end of the year, whilst delays experienced with the others resulted in an overall score and assessment of 33%.

B. Assessment for product development acceleration was based on the set-up of a dedicated product management function and enhancements to our NPI processes to speed up product development timescales, performance and maturity. 100% of the objectives and milestones were met in relation to this KPI resulting in an on-target performance of 100%.

C. Assessment of the net zero strategy KPI was based on securing SBTI accreditation for our net zero strategy, which was ultimately achieved in December 2024. This resulted in an on-budget performance resulting in a score of 60%.

D. Assessment of the cultural change KPI was based on successful implementation of organisational changes and working practices to support our commercial and product acceleration focus as well as the restructure to optimise the cost base. This was deemed to have been executed successfully with the new structure and ways of working embedding well, resulting in an outturn of 80%.

E. Eric Lakin was set some additional objectives to continue to improve financial processes and controls within the Company. Good progress was made on these in the first half of the year with the focus then switching to effecting a smooth transition and handover to Stuart Paynter in the second half of the year. This resulted in an achievement score of 50% against his personal objectives.

The Committee did not seek to exercise its discretion to alter the outcome of the formulaic result of the bonus scorecard assessment and outcome. Accordingly, based on the individual weightings applied to each Executive Director, the Committee determined the final bonus outcome to be 89.53% of maximum for Phil Caldwell, resulting in a bonus award of £499,577 and 89.03% for Eric Lakin, resulting in an award of £324,960 (representing a ten-month prorated award). Stuart Paynter was also awarded a discretionary bonus of £80,000 (representing a prorated award) following his handover from Eric Lakin. Full bonus awards are payable in cash in March 2025.

Annual Remuneration Report (audited) continued

Long Term Incentive Plan vesting: 2022 LTIP

In March 2022, Phil Caldwell was granted a conditional share award under the 2022 LTIP of 250% of salary. Eric Lakin was granted a conditional share award based on 300% of salary, which incorporated a 50% uplift for his first year of participation.

In determining the vesting outcome, the Committee considered Ceres' performance over the three-year period from 1 January 2022 to 31 December 2024, based on the following performance criteria:

- Absolute share price: at the time of setting the performance criteria, Ceres' share price was averaging at around £10. The Committee sought to set performance criteria that would build on this strong position. A minimum threshold (25% pay-out) was therefore set at £9.50 with a maximum threshold (100% pay-out) at £20. In the intervening period the macroeconomic environment changed considerably, Ceres' share price saw a dramatic decline albeit consistent with industry peers, which meant that the share price criteria was not met.
- Cumulative income: the target for cumulative income was set by the Committee based on the five-year business plan for 2022 onwards, which saw a minimum threshold of £140 million and a maximum threshold of >£175 million. Despite a strong result in 2024, total cumulative income at £94 million fell short of the minimum threshold and therefore the performance criteria was not met.
- Partner progress: this measure was focused on progress towards start of production by our partners Bosch and Doosan. While good progress has been made with regard to the build of partner production facilities, a delay to the start of production schedules for both Bosch and Doosan meant that the partner progress performance criteria was not met.
- New partnerships: this measure was targeted at the acquisition of new manufacturing licensees targeting production capacity of an additional 200MW. The addition of Delta and Denso in 2024 as new manufacturing licence partners enabled the achievement of this measure.
- SOEC progress: the Company was successful in securing two new SOEC licence partners during 2024, exceeding the target total value of £30 million in revenue, meaning that the performance criteria was fully met.

Performance condition	Per cent of the award based on performance condition	Result during performance period	Weighting x achievement
Share price[A] The percentage of the shares subject to an award will vest at the end of the vesting period as follows: • 100% if the share price equals or exceeds £20.00; • 50% if the share price is £15.00; • 10% if the share price is £9.50; pro rata on a straight-line basis if the share price is between these thresholds; and • 0% if the share price is less than £9.50.	20%	The weighted average closing middle market price of shares in the period of three months ending on the last dealing day of the performance period was: £2.18. This resulted in an achievement level of 0%.	0%
Cumulative income[B] Achievement of cumulative income in the three years from 1 January 2022 to 31 December 2024 of greater than £140 million.	20%	Cumulative income of £94 million (2022 = £20 million; 2023 = £22 million; 2024 = circa £52 million). This resulted in an achievement level of 0%.	0%
Partner progress Two manufacturing partners remain on track for start of production in 2024.	20%	Delays experienced to start of production schedules. This resulted in an achievement level of 0%.	0%
New partnerships		The signing of both Delta and Denso during 2024 successfully met both of these performance conditions.	40%
Sign new manufacturing licensees capable of delivering 100-200MW capacity	20%		
Secure first SOEC partnership with a value of between £15-30 million).	20%	This resulted in an achievement level of 100%.	
Overall LTIP performance criteria outcome			**40%**

A. As defined in the Award Certificate – the average closing middle market price of shares in the period of three months ending on the last dealing day of the performance periods.

B. Income is defined as the sum of revenue and grant income in the annual financial statements.

Based on the overall outcome of LTIP performance criteria, the Committee approved a total result against the performance criteria of 40%. Consequently, of the 126,080 share options granted to Phil Caldwell in 2022, 50,432 vested on 23 March. Eric Lakin's options lapsed in full.

Directors' Remuneration Report continued

Annual Remuneration Report (audited) continued

Total remuneration for Executive Directors continued

2024 LTIP

In 2024, the Executive Directors were granted conditional share awards of 250% and 200% of base salary for the CEO and CFO respectively under the LTIP scheme as set out in the table below.

Scheme type	Type of interest awarded	End of performance period	Target award[A]	Minimum performance (% of shares awarded)	Maximum performance (% of shares of target award)
LTIP	Performance shares	31 December 2026	Phil Caldwell: 627,530 London-listed ordinary shares, equivalent to 2.5 x base salary Eric Lakin: 394,062 London-listed ordinary shares, equivalent to 2.0 x base salary	0	100%

A. The awards were based on the three-month weighted market share price leading up to the date of the grant (28 May 2024) for ordinary shares (£1.58).

A further award was made to Stuart Paynter on 4 October 2024, who was granted 160,709 share options under the 2024 LTIP scheme.

The measures and weightings applying to the 2024 LTIP awards were:

Performance criteria	Minimum threshold (25%)	Target threshold (60%)	Maximum threshold (100%)	Weighting
Cumulative revenue and other income[A]		£m		25%
Order intake		£m		25%
Product success[B]		See note B		20%
Partner success[C]		See note C		10%
Relative TSR[D]	Median TSR	62.5 %ile	Upper quartile	20%

A. Other income includes grant income but excludes R&D expenditure credits.

B. Product success will be measured in terms of product performance (life and cost) against our product roadmap, with the minimum threshold representing minimum viable product expectations.

C. Partner success will be measured in terms of factory readiness for our newly signed manufacturing licence partners.

D. Relative total shareholder return of the Company (TSR) will be measured on a 50:50 ratio relative to the TSR performance of the FTSE 250 Index (excluding investment funds and financial services businesses) and the Solactive Hydrogen Economy Index, of which Ceres is a constituent member.

Vesting under each performance criteria is assessed independently, with the vesting outcome ranging from 0% to 100% of maximum and applied on a pro rata straight-line basis between the minimum and target threshold and the target and maximum threshold.

Disclosing the threshold values for cumulative revenue and other income as well as order intake could be construed to constitute financial guidance, which is not the Company's intention, and is considered to be commercially sensitive. Likewise, partner production capacity is equally deemed commercially sensitive. Full details of the performance criteria will be disclosed following the end of the performance period in the 2026 Directors' Remuneration Report.

Non-Executive Directors' remuneration (audited)

The table below sets out the remuneration receivable by the Non-Executive Directors in respect of the year ended 31 December 2024, alongside comparative figures for the prior year.

	31 Dec 2024 (£)	31 Dec 2023 (£)
Non-Executive Directors		
Warren Finegold[1]	**180,000**	150,000
William Tudor Brown[2]	**70,000**	78,000
Julia King[3]	**70,000**	73,571
Trine Borum Bojsen[4]	**60,000**	61,308
Caroline Brown[5]	**61,456**	32,083
Karen Bomba[5]	**60,000**	32,083
Uwe Glock	**55,000**	55,000
Nannan Sun[6]	**55,000**	13,750
Former Non-Executive Directors		
Aidan Hughes[7]	**26,833**	70,000
Steve Callaghan[8]	**—**	52,500
Qinggui Hao[6]	**—**	41,250

1. Warren Finegold's fees as Chair were increased in June 2023.
2. William Tudor Brown received backdated pay of £8,000 in 2023 following his appointment as Chair of the Remuneration Committee on 15 March 2022 (which became the Remuneration and Nomination Committee with effect from 2 November 2022).
3. Julia King received backdated pay of £3,571 in 2023 following her appointment as Chair of the ESG Committee on 2 November 2022.
4. Trine Borum Bojsen received backdated pay of £1,308 in 2023 following her appointment as Employee Engagement Director on behalf of the Board on 28 September 2022.
5. Caroline Brown and Karen Bomba joined the Board on 1 June 2023.
6. Qinggui Hao stepped down as the Weichai strategic representative on the Board on 27 September 2023 and was replaced by Dr Nannan Sun with effect from the same date.
7. Aidan Hughes stepped down from the Board on 22 April 2024.
8. Steve Callaghan stepped down from the Board on 18 May 2023.

Annual Remuneration Report (audited) continued

Non-Executive Directors' fees for 2025

The Non-Executive Directors' fee structure for 2025 is set out in the table below. No fee increases have been proposed from 2024 to 2025. Fees for the Non-Executive Directors (other than the Chair of the Board) are determined by the Chair and the Executive Directors. The fee structure is reviewed but not necessarily increased on an annual basis.

Position	2025	2024
Chair of the Board	**£180,000**	£180,000
Board fee (incorporating membership of one Committee)	**£55,000**	£55,000
Senior Independent Director	**£10,000**	£10,000
Committee Chair	**£10,000**	£10,000
Additional Committee membership	**£5,000**	£5,000

Directors' shareholding (audited)

Minimum shareholding requirements

The CEO and CFO are expected to build up to a minimum shareholding requirement ("MSR") of 200% and 150% respectively within five years of their appointment. The MSR for 2024 is set out below. Shares that count towards the MSR are ordinary shares beneficially held by the Executive Director and their connected persons and share awards that are not subject to further performance conditions. Share awards included are the LTIP performance shares and the employee share save as you earn ("SAYE") shares.

A new post-employment shareholding requirement came into effect for the Executive Directors from 2024 onwards as part of the revised Executive Director Remuneration Policy. For two years following cessation of employment, Executive Directors will be expected to retain shares of value equal to the MSR that applied during employment, or, in cases where the individual has not had sufficient time to build up shares to meet their guideline, the actual level of shareholding at cessation.

Directors' share interests

	Ordinary shares held at 31 December 2024	Vested and exercisable	Unvested and subject to performance conditions	Value of shares counted towards MSR as a % of base pay
Executive Directors				
Phil Caldwell	**464,235**	655,271	909,622	515%
Eric Lakin	**12,178**	—	—	N/A
Stuart Paynter	**14,516**	—	160,709	28%
Non-Executive Directors				
Warren Finegold	**30,056**			
William Tudor Brown	**15,000**			
Aidan Hughes	**31,520**			
Uwe Glock	**8,000**			
Julia King	**30,200**			
Karen Bomba	**12,121**			

Directors' Remuneration Report continued

Annual Remuneration Report (audited) continued

Executive Directors' share plan interests

The following table sets out the Executive Directors' interests in ordinary shares under the Company's share plans.

Phil Caldwell	31 Dec 2023	Granted	Exercised	Lapsed	**31 Dec 2024**	Exercise price £	Exercise period
Options (unapproved)	80,424		(80,424)		—	0.85	Jul 2017 – Jul 2024
Options (unapproved)	100,000		(100,000)		—	0.85	Jul 2018 – Jul 2024
Options (unapproved)	100,000		(100,000)		—	0.85	Jul 2019 – Jul 2024
Options (unapproved)	100,000		(100,000)		—	0.85	Jul 2020 – Jul 2024
LTIP	358,593				**358,593**	0.10	Sep 2019 – Sep 2026
LTIP	87,000				**87,000**	0.10	Oct 2020 – Oct 2027
LTIP	138,530				**138,530**	0.10	Oct 2021 – Oct 2028
LTIP	71,148				**71,148**	0.10	Oct 2022 – Oct 2029
LTIP	126,080			(75,648)	**50,432**	0.10	Mar 2025 – Mar 2032
LTIP	227,273				**227,273**	0.10	May 2026 – May 2033
LTIP	—	627,530			**627,530**	0.10	May 2027 – May 2034
Sharesave (approved)	1,510				**1,510**	5.96	Jun 2025 – Dec 2025
Sharesave (approved)	2,877				**2,877**	3.13	Jun 2026 – Dec 2026
	1,393,435	627,530	(380,424)	(75,648)	**1,564,893**		

Eric Lakin	31 Dec 2023	Granted	Exercised	Lapsed	**31 Dec 2024**	Exercise price £	Exercise period
LTIP	118,880		—	(118,880)	—	0.10	Mar 2025 – Mar 2032
LTIP	142,857		—	(142,857)	—	0.10	May 2026 – May 2033
LTIP	—	394,062	—	(394,062)	—	0.10	May 2027 – May 2034
Sharesave (approved)	2,877		—	(2,877)	—	3.13	Jun 2026 – Dec 2026
Sharesave (approved)	—	17,408	—	(17,408)	—	1.07	Jun 2027 – Dec 2027
	264,614	411,470	—	(676,084)	—		

Stuart Paynter	31 Dec 2023	Granted	Exercised	Lapsed	**31 Dec 2024**	Exercise price £	Exercise period
LTIP	—	160,709			**160,709**	0.10	Oct 2027 – Oct 2034

Annual Remuneration Report (audited) continued

Loss of office payments to Directors

There were no payments for loss of office made to Executive Directors during the year.

CEO to employee pawy ratio (Option B methodology)

The table below shows the CEO pay ratios for 2024 using method B (gender pay gap methodology) relative to the 2023 pay ratios.

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2024	**B**	**24.8**	**18.4**	**13.7**
2023	B	13.0	10.2	7.5
2022	B	18.3	15.7	8.2

Method B was selected as it made use of robust readily available data reported as part of our gender pay reporting requirements. Total pay was calculated for a sample of employees at each quartile to ensure that the three identified employees were suitably representative of their quartile. A full-time equivalent total pay figure was calculated for each identified employee within their respective quartile using the single-figure methodology.

The increase in the CEO to employee pay ratio in 2024 is directly attributable to the size of the CEO bonus award (90% in 2024 vs 44% in 2023) and LTIP vesting result (40% in 2024 vs 0% in 2023). The Committee is comfortable that the pay ratios are consistent with the pay, reward and progression policies of the Company.

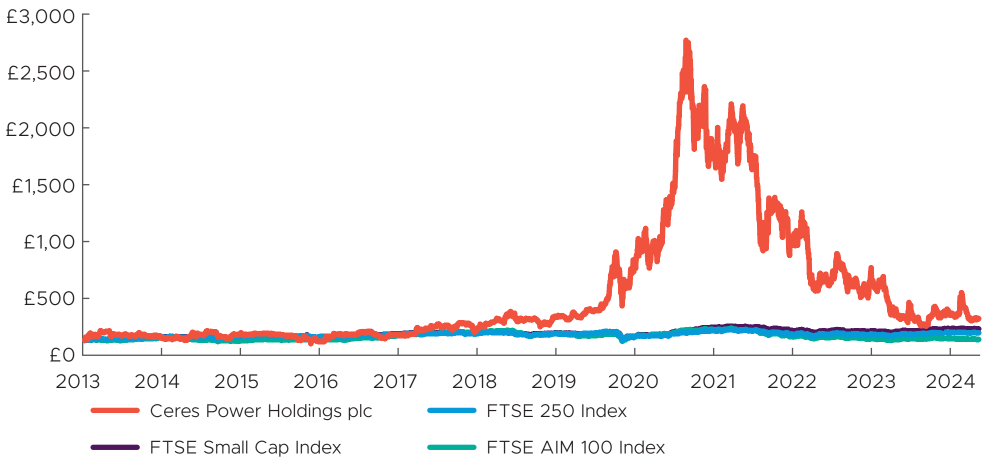
The following table sets out the base salary and total pay figures for the employees identified at each quartile.

Year	Element of pay	25th percentile employee	Median employee	75th percentile employee
2024	**Base salary (FTE)**	**£37,338**	**£50,000**	**£65,869**
	Total pay (FTE)	**£40,325**	**£54,500**	**£73,138**

Historic TSR performance and CEO remuneration

The graph below compares the TSR performance of a share of Ceres over the past ten years with the TSR of the FTSE 250 Index, the FTSE Small Cap Index and the FTSE AIM 100, rebased to 100 at the start of the period. Since the move to the Main Market in June 2023, the Committee considers the FTSE 250 and FTSE Small Cap Indices appropriate reference points for the share price performance of the Company. Before moving to the Main Market, Ceres was a constituent of the AIM market and performance against the FTSE AIM 100 Index over this period of time is provided as additional reference.

TSR of Ceres Power vs the FTSE 250 Index, FTSE Small Cap Index and FTSE AIM 100 Index



The table below shows the historic single total figure of remuneration for Phil Caldwell who was appointed CEO on 2 September 2013 (£'000).

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	**2024**
Total remuneration	230	290	305	320	424	566	503	563	583	**983**
Bonus (% of max)		80%	90%	98%	86%	84%	43%	35%	44%	**90%**
LTIP (% of max)[1]					86%	100%	100%	44%	0%	**40%**

1. The LTIP scheme was established in 2016 and first vested in 2019.

Directors' Remuneration Report continued

Annual Remuneration Report (audited) continued

Annual percentage change in remuneration of Directors and employees

The table below shows the annual percentage change in remuneration during 2024 for the Executive and Non-Executive Directors relative to Ceres employees. Salaries and pension increase for employees is calculated based on average employee numbers after removing Directors. Bonus represents the actual increase less Directors.

	2024 change (%)			2023 change (%)		
	Salary/fee	Pension[1]	Bonus	Salary/fee	Pension	Bonus
Employees	9%	10%	42%	13%	14%	30%
Executive Directors						
Phil Caldwell	6%	(12%)	124%	0%	0%	26%
Eric Lakin	6%	(15%)	90%	0%	0%	22%
Non-Executive Directors[2]						
Warren Finegold	20%	—	—	25%	—	—
Aidan Hughes[3]	0%	—	—	0%	—	—
William Tudor Brown	0%	—	—	30%	—	—
Julia King	0%	—	—	34%	—	—
Trine Borum Bojsen	0%	—	—	38%	—	—
Caroline Brown	8%	—	—	N/A	—	—
Karen Bomba	0%	—	—	N/A	—	—
Uwe Glock	0%	—	—	0%	—	—
Nannan Sun	0%	—	—	N/A	—	—

1. The Executive Directors opted out of the Group pension scheme in favour of a cash in lieu of pension allowance.
2. Non-Executive Director fees have been annualised to give a more meaningful comparison.
3. Aidan Hughes stepped down from the Board on 22 April 2024.

Relative importance of spend on pay

Under the regulations, companies need to illustrate the relative importance of spend on pay by disclosing the total employee remuneration and returns to shareholders (i.e. dividends and share buybacks) in the reporting year and prior year. As the Company is still pre-profit, there is no relevant data relating to returns to shareholders. Therefore, other Company metrics have been used in the table below to show employee remuneration in the context of overall business activities. In order to provide context for these figures, total expenditure is also shown.

	2024	2023	Change (%)
Total employee remuneration (£'000)	**37,278**	35,500	5.0%
Total expenditure (£'000)[1]	**77,024**	76,286	1.0%

1. Total expenditure = adjusted EBITDA less revenue and other operating income.

Statement of planned implementation of policy in 2025

Fixed pay

Salary

Before reviewing the Executive Directors' salary for 2024, the Committee took into account the results of the comprehensive benchmarking exercise conducted by WTW, the previous year's business performance as well as the proposed budget for wider workforce pay increases.

	2025		2024	
£'000	**Change from 2024**	**Base pay**	Change from 2023	Base pay
Phil Caldwell	**34%**	**500**	6%	372
Eric Lakin	—	—	6%	292
Stuart Paynter	**0%**	**350**	—	350

The increase to the CEO's base pay for 2025 of 34% reflects a fair and necessary adjustment to address the significant shortfall in pay relative to peer group benchmarking, the incoming salary of the new CFO and the Company performance delivered in 2024. The new base salary for the CEO is effective from 1 January 2025. The CFO's base pay for 2025 remains unchanged at £350,000.

Benefits

No significant changes to the provision of benefits are proposed for 2025.

Pension

Executive Directors' pensions remain aligned with the wider workforce up to 8% of base salary.

Pay for performance

Annual bonus

There are no proposed changes to the operation of the annual bonus plan with the target threshold set at 60% of maximum.

	Target annual bonus (% of base salary)	
	Phil Caldwell	Stuart Paynter
Target	90%	90%
Maximum	150%	150%

Annual Remuneration Report (audited) continued

Statement of planned implementation of Policy in 2025 continued

Pay for performance continued

Annual bonus continued

The construct of the bonus scorecard will be based around five categories, with their associated weighting as follows:

- 35% = Financial performance encompassing revenue, gross margin and cash position targets;
- 30% = Commercial scale encompassing order intake targets (£m);
- 15% = Technology and product development measured as progress against our product targets and roadmap;
- 10% = Partner success as measured through factory readiness and production capacity; and
- 10% = ESG metrics with an emphasis on progress against our net zero strategy as well as people and cultural measures.

Specific scorecard targets will be disclosed in the subsequent Directors' Remuneration Report when they are no longer deemed to be commercially sensitive.

2025 Long Term Incentive Plan

Considering the significant fall in the share price since the last round of grants, the Committee considered whether LTIP grant sizes in 2025 should be reduced. Executives have, like other shareholders, already experienced substantial reductions in the value of shares, and LTIP awards they hold, and there has been low vesting under recent LTIP awards. However, mindful of the views of shareholders on this issue, the Committee are proposing to reduce the 2025 LTIP grant for Executive Directors by at least 20% of the maximum permitted under Ceres' remuneration policy. LTIP awards are granted post the AGM in May, and the Committee plan to reevaluate the reduction closer to the grant date to assess whether 20% is sufficient or a greater reduction is appropriate.

Performance will be measured over the three-year period from 1 January 2025 to 31 December 2027. The performance measures will consist of a mixture of financial (at least 70%), technology development and sustainability metrics.

Full details of the performance criteria will be disclosed following the end of the performance period, in the 2027 Directors' Remuneration Report.

Remuneration governance

Committee role and membership

These details are provided in the Remuneration and Nomination Committee report on page 62 of the Annual Report.

External advisers

WTW were appointed as external independent advisers to the Committee during 2022. It provided ongoing support to the Committee during 2024, consisting of general consultancy services and a refresh of Executive Director remuneration benchmarking. WTW also supported the HR team with access to its wider market salary benchmarking database as well as providing advisory services in relation to a number of risk-related benefits.

The Committee is satisfied that the advice and services provided by WTW have been objective and independent. WTW's fees during 2024 amounted to £71,717.

In addition to this, Tapestry have provided specialist advice in relation to the LTIP scheme and were appointed to support the design of the new LTIP scheme. Their fees during 2024 amounted to £15,461.

Shareholder voting

The Company remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes.

A resolution to approve the Directors' Remuneration Policy and the Directors' Remuneration Report as set out in the 2023 Annual Report was passed at the Company's 2024 AGM. The results of the votes on these resolutions were as follows:

Number of votes	Votes in favour	Votes against	Votes withheld	Total votes
2023 Directors' Remuneration Policy	115,147,741 (91.27%)	11,015,272 (8.73%)	32,803 (0.03%)	126,163,013
2023 Directors' Remuneration Report	116,231,579 (97.08%)	3,502,194 (2.92%)	6,462,043 (5.40%)	119,733,773

ESG Committee report

"Environmental, social and governance considerations are an intrinsic part of the Company's purpose, values, strategy and culture, and as such are a Board priority."

Julia King
Chair of the ESG Committee

Introduction

I am pleased to present the ESG Committee report for the year ended 31 December 2024. Environmental, social and governance (ESG) considerations are an intrinsic part of the Company's purpose, values, strategy and culture, and as such are a Board priority. The Committee has continued to work to a full agenda, reflective of the fast pace of development globally within ESG.

Over the year the Committee has received excellent support from the Operational ESG Committee, comprising a cross-functional management team. This structure has provided a support and feedback mechanism, facilitating Committee oversight and speedy business adoption of recommendations.

Now in its second year of operation, the Committee continues to mature in approach and oversight of the matters within its Terms of Reference. The Group's sustainability roadmap is now well established with the business progressing well with its important sustainability milestones.

The Committee was pleased to recommend to the Board for approval the Ceres Sustainability Report 2024, which was published in October 2024. The report can be found on the Company's website at:

www.ceres.tech/sustainability

The Committee is cognisant of the broad nature of the topics considered and subject matter crossovers with other Board Committees. Ensuring efficiencies in effort and reporting across Committees in relation to shared topics will continue to be an area of focus for the Committee.

Committee membership

Julia King (Committee Chair)

Trine Borum Bojsen

Phil Caldwell

Warren Finegold

Committee composition

The Committee comprises three Non-Executive Directors (including the Employee Engagement Director) and the Chief Executive Officer. Executive Committee members and subject matter relevant employees are in attendance along with the Chair of the employee forum, Connect.

Role of the Committee

The Committee considers all matters relating to the environmental and social strategies and actions of the Company and related governance activities and disclosures. Where necessary it makes recommendations to the Board or to other Committees of the Board. In particular, it engages closely with the Audit and Risk Committee on issues of climate risk and integrity of reporting, and the Remuneration and Nomination Committee on ESG-related bonus targets. The Committee oversees the work of the Operational ESG Committee, which during 2024 was chaired by the Chief Executive Officer, and provides advice, guidance and constructive challenge where appropriate.

The full Terms of Reference for the Committee can be found on our website at:

www.ceres.tech/about-us/corporate-governance

The Committee met six times during the year ended 31 December 2024 and attendance is set out in the table on page 52 of the Corporate governance report.

Committee activities

- Reviewed materiality matrix;
- Monitored ESG objectives and roadmap;
- Reviewed and monitored ESG risks;
- Recommended 2024 ESG KPIs and objectives to the Board;
- Recommended 2024 ESG bonus target metrics to Remuneration and Nomination Committee;
- Recommended TCFD disclosures to Audit and Risk Committee and Board for approval;
- Approved the annual Sustainability Report;
- Received reports from the Employee Engagement Director;
- Received updates from Connect (employee forum);
- Reviewed and recommended to the Board for approval for approval as appropriate the Charitable Giving Policy, Modern Slavery Statement, DEBI Policy, Code of Conduct & Business Ethics; and
- Reviewed Committee Terms of Reference and performance.

Year in review

The key activities undertaken by the Committee in 2024 were as set out above.

At the start of the year the Committee reviewed and recommended to the Board for approval the various ESG KPIs applicable to 2024, together with the sustainability roadmap targets. These were incorporated into the Group's incentive programmes and Company objectives as appropriate as detailed in the sustainability section of this Annual Report. The Committee maintained oversight of the delivery of ESG objectives throughout the year, and I was particularly pleased by the adoption and SBTi approval of the SBTi accredited net zero target for the Group, which we are confident will drive performance in this area. With respect to ESG risk oversight, the Committee oversaw ESG risk evaluation as part of the risk review process, liaising with the Audit and Risk Committee in consideration of climate and other ESG-related risks.

The Committee recommended for approval by the Board the Sustainability, TCFD and Committee reports for the 2024 Annual Report and Accounts, with appropriate Audit and Risk Committee oversight. TCFD reporting was progressed over the year, including an enhanced level of analysis of physical risks, leading to a more detailed report included in the Ceres Sustainability Report 2024. The Committee reviewed and evaluated the increasing reporting sustainability requirements both under development and published globally. This included recommending an evaluation of reporting obligations under the proposed UK Sustainability Reporting Standards, as well as the influence of international initiatives such as CSRD on the expectations of the Company's investors.

The Committee continued to receive reports from the Employee Engagement Director (Trine Borum Bojsen) and the Connect Chair, along with reports from the Chief People Officer. Reviews included the outcomes of the various employee engagement mechanisms employed during the year, and the various metrics employed to monitor the effectiveness of embedding the desired culture within the business, including the staff satisfaction survey and staff attrition rates.

Importantly for the year under review, the Committee was able to receive feedback directly from employee representatives on the effectiveness of employee communications during the restructuring process, providing a direct communication line to evaluate the mood and morale of the workforce. To strengthen direct employee engagement further, the Committee approved the Terms of Reference of the Employee Engagement Forum, comprising employee representatives. From the beginning of 2025, the Chair of this new forum will attend the ESG Committee.

An important aspect of the Committee's role is the oversight of ESG-related governance frameworks and policies within the Group to ensure that they remain fit for purpose and consistent with the Company's values. Policies within the Committee's purview were reviewed and approved as required, which included the recommendation of the annual Modern Slavery and Human Trafficking Statement to the Board. Work during the year included a deep dive into the way sustainability, supply chain risk and key aspects of governance such as modern slavery risk mitigations are embedded into supplier agreements.

Committee performance review

The prior year internal performance review identified that for its period of operation, the Committee operated effectively and that members had the requisite skills and experience necessary to advise and guide the business through the complicated reporting landscape and, importantly, to support the focus of the business on its purpose.

The external evaluation for the year under review was conducted by Bvalco, the findings of which indicated that the Committee was operating effectively. Areas for development included ensuring a good understanding of the future sustainability reporting responsibilities, and a review of how social topics are covered between the Board and its Committees. These areas will be addressed over the coming year and reported on in the 2025 Annual Report.

Year ahead

The Committee will continue to discharge its duties in line with its Terms of Reference, supporting Ceres' sustainability journey by overseeing the delivery of the sustainability roadmap, the preparation of the business to meet the needs of the increasingly complex sustainability reporting environment, and monitoring ESG-related risks. We will continue to review Ceres' objectives and outcomes that ensure the culture is aligned to the Company's important financial and sustainability goals, and that staff are motivated and well equipped to deliver, whilst working in a safe and healthy environment.

Julia King
Chair of the ESG Committee
20 March 2025

Directors' report
for the year ended 31 December 2024

The Directors present their Annual Report together with the audited financial statements for the year ended 31 December 2024.

Principal activities
Ceres is a leading developer of clean energy technology, fuel cells for power generation and electrolysers for green hydrogen. Its licensing model enables partners to deliver systems and products at scale and pace to decarbonise power generation, transportation, industry and everyday living.

Articles of Association
The Company's Articles of Association (the "Articles") may only be amended by special resolution at a general meeting of the shareholders. The Articles are available on the Company's website at:

www.ceres.tech/investors/shareholder-centre/documents

Directors
The Directors of the Company who served during the year ended 31 December 2024 and up to the signing of these statements are set out on pages 48 to 50. The following Directors joined or left the Company during the year, or prior to the date of this report:

- Aidan Hughes (Non-Executive Director) stepped down from the Board on 16 May 2024;
- Eric Lakin (Chief Financial Officer) stepped down from the Board on 1 October 2024;
- Stuart Paynter (Chief Financial Officer) was appointed to the Board on 1 October 2024; and
- Uwe Glock (Non-Executive Director) resigned from the Board on 19 February 2025.

The powers of the Directors are set out in the Articles and the appointment and removal of Directors are governed by the Articles, the Companies Act 2006, the UK Corporate Governance Code 2024 and related legislation. All Directors will put themselves forward for re-election at the Annual General Meeting of the Company in 2025. More details on the process to appoint new Directors are set out in the Remuneration and Nomination Committee Report on pages 62 to 66.

Directors and Officers liability insurance
The Company maintains liability insurance for its Directors and Officers as permitted by the Companies Act 2006. The Company also grants to the Directors indemnities in this regard, which constitute a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006, which were in force throughout the year ended 31 December 2024 and which remain in force at the date of this report.

Results and dividends
The consolidated results for the Group are set out on page 102 of the financial statements. The Directors do not recommend the payment of a dividend (2023: £nil).

Share capital
The Company's shares are listed on the Main Market of the London Stock Exchange. The Company's Articles contain provisions which govern the ownership and transfer of shares. As at 31 December 2024, the Company had an allotted and fully paid share capital of ordinary shares with a nominal value of 10 pence each of 193,699,380. As at 19 March 2025, being the latest practicable date prior to the publication of this report, the Company had an allotted and fully paid share capital of ordinary shares with a nominal value of 10 pence each of 193,767,824. Each share carries one right to vote at general meetings of the Company. No shareholder holds securities having special rights with regard to control of the Company. There are no restrictions on voting rights or the transfer of securities in the Company and the Company is not aware of any agreements between holders of these securities that would result in such restrictions. Details of the Company's share capital, including changes during the year, are set out on page 128. Details of the Company's share schemes are set out on pages 128 to 131.

Authority to issue shares
The Directors were authorised at the 2024 Annual General Meeting to allot shares up to a maximum aggregate nominal amount of £6,433,870, representing approximately one third of the nominal value of the then issued share capital of the Company; and in addition equity securities, as defined by Section 560 of the 2006 Companies Act, up to an aggregate nominal amount of £6,433,870, representing approximately one third of the nominal value of the then issued share capital of the Company in connection with an offer of such securities by way of a rights issue. This authority will expire at the end of the 2025 Annual General Meeting.

Major shareholders
As at 31 December 2024, the Company had been notified of the following interests in voting rights pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules. Also included for information are the holdings of the two major shareholders with nominee Directors on the Board.

Ordinary shares	No. of shares	% of ISC
Weichai Power (Hong Kong) International Development Co. Ltd	37,965,262	19.60%
Robert Bosch GmbH	33,790,880	17.45%
BNP Paribas Asset Management UK Limited	7,503,545	3.89%

UK Listing Rule 6.6.1 disclosures
No shareholder is considered a controlling shareholder as defined in the Financial Conduct Authority Handbook. The remaining disclosures required by UK Listing Rule 6.6.1 are not applicable to the Company. Notwithstanding this, the Company has relationship agreements with Weichai Power (Hong Kong) International Development Co., Ltd, and as at the date of reporting with Robert Bosch GmbH.

Additional disclosures and non-financial and sustainability information statement

The following information that is relevant to this Directors' Report and/or is required by S414CA and S414CB of the Companies Act 2006 is incorporated by reference and can be located in this report and on our Company website (www.ceres.tech) as follows:

Business review and future developments	Chair's statement and Chief Executive's statement	Pages 6 to 11
Risk management and principal risks and uncertainties	Strategic Report	Pages 39 to 42
Corporate and social responsibility	Sustainability	Pages 18 to 26
Corporate governance and Code	Corporate governance report	Pages 46 to 57
Financial instruments	Financial statements	Page 102 to 137
Research and development expenditure	Note 3 Financial statements	Page 112
Directors	Directors' information	Pages 48 to 50
Directors' interests in shares	Directors' Remuneration Report	Pages 67 to 87
People policies and colleague engagement	Sustainability Report/Annual Report	Company website Pages 27 to 30 and 55 to 57
Stakeholder engagement and S172(1) Statement	Stakeholder engagement	Pages 27 to 30
Greenhouse gas emissions and energy consumption	Sustainability	Pages 18 to 26
Environmental matters	Task Force on Climate-related Financial Disclosures	Pages 22 to 26
	Sustainability Report	Company website
	ESG Committee report	Pages 88 to 89
	ESG and Sustainability Policy	Company website
Employees	Health and Safety at Work Policy	Company website Page 19
	DEBI Policy	Company website Page 19 and 65
	Employee Engagement Director	Pages 49 and 55
Social matters	S172(1) Statement	Pages 29 to 30
	People and community – Sustainability Report	Company website
	Charitable Giving and Volunteering Policy – Sustainability Report	Company website
	DEBI Policy	Company website
	Gender Pay Report	Company website
Human rights	Modern Slavery Statement	Company website
	Code of Conduct & Business Ethics	Company website

Directors' report continued
for the year ended 31 December 2024

Additional disclosures and non-financial and sustainability information statement continued

Anti-bribery and corruption matters	Anti-Bribery & Corruption Policy	Page 92
	Conflicts of Interest Policy	Page 57
	Modern Slavery Statement	Company website
	Speak Up Policy	Page 57
Principal risks and impact on business activity	Principal risks and uncertainties	Pages 39 to 42
	Audit and Risk Committee report	Pages 58 to 61
Business model	Strategic report	Page 31

In addition to the information required by the regulations, the Company publishes a comprehensive Sustainability Report annually which details the Company's sustainability strategy, environmental and governance responsibilities and commitment to social matters. The 2024 Sustainability Report is available on the Company website at www.ceres.tech/sustainability/.

Employee information

The business engages with its colleagues in numerous ways including regular communications via weekly news bulletins, a shared intranet, email communications, virtual and in-person sessions and monthly "All Hands" meetings. The Connect employee forum provides a platform for views to be heard and also engagement and inclusion opportunities, especially in relation to the marking and celebration of certain events during the year. Surveys are conducted throughout the year to gauge colleagues' thoughts and to obtain feedback on issues and events. More information on engagement with employees is set out in the Stakeholder engagement section on page 28 and in the Corporate governance report on page 55 to 57.

The Company actively works to attract, recruit, support and retain the best talent from diverse backgrounds. As an equal opportunity employer, the Company provides up-to-date tools and resources to enable all individuals to apply and compete for employment opportunities for which they are qualified, based on their qualifications, skills and experience. Tools and approaches are used throughout talent acquisition and career development to attract a diverse pool and ensure that career opportunities are attractive to all potential candidates, overcoming barriers. Reasonable adjustments are made to the recruitment process to ensure no applicant is disadvantaged because of their disability. This is supported with training to ensure hiring managers do not discriminate or apply unconscious bias when making hiring decisions. Further guidance to hiring managers is provided in the Company's Talent Acquisition and Diversity, Equity, Belonging and Inclusion ("DEBI") policies. The Company also seeks to ensure the continuation where possible and practical of colleagues in their role should they incur a disability whilst employed by the Company.

More information on the ways the Company invests and rewards its employees is set out on page 69 and in the Sustainability Report available on the Company website at:

www.ceres.tech/sustainability

Branches outside the UK

As at 31 December 2024, the Group has branches in Weifang, China, and in Seoul, South Korea, which support the Group's business development strategy in those territories.

Anti-bribery and corruption

The Company has a zero tolerance approach to bribery and corruption and operates an Anti-Bribery & Corruption Policy. The Policy also contains requirements with regard to the provision or receipt of gifts and hospitality, which is limited and which require approval over a certain value threshold. The Gifts and Hospitality Register is monitored through the receipt reports to the Audit and Risk Committee. The day-to-day operation is monitored by the governance team. All colleagues were required to undertake anti-bribery and corruption training over the year, which will continue to be an annual requirement.

Information security

The Company operates an Information Security Policy. There have been no information security breaches in the last three years. Arrangements with third parties are assessed with thorough due diligence performed to identify and understand potential risks which may then be mitigated. There have been no third-party information security breaches. Penetration testing is performed at least annually and any risks arising are mitigated immediately. The Company holds insurance for cyber security, which covers information security risk, and this was in place for the duration of 2024.

All colleagues are subject to mandatory information security induction training and annual refresher training.

Political donations

The Group made no political donations in the year ended 31 December 2024 or the prior period.

Payment practice policy

It is the Group's policy for all suppliers to agree payment terms in advance of the supply of goods and services and to adhere to those payment terms. Trade creditors of the Group as at 31 December 2024, as a proportion of amounts invoiced by suppliers during the previous year, represented 21 days (31 December 2023: 35 days). There were no trade creditors for the Company as at 31 December 2024 as a proportion of amounts invoiced by suppliers during the previous year. This therefore represented nil days (31 December 2023: nil days).

Going Concern and Viability Statements

Having reviewed the Group's cash and short-term investments, forecast income and expenditure, performing appropriate sensitivity and scenario analyses, and after making appropriate enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to progress their strategy. Accordingly, they continue to adopt the going concern basis in preparing these financial statements. More detail can be found on page 45 and in the financial statements on page 106.

The Directors have further assessed the prospects of the Company over a defined period of time and set out their conclusions in the Viability Statement, which can be found on pages 43 to 45.

Events after the reporting date

In February 2025, Bosch took the strategic decision to cease its development of SOFC cells and stacks for manufacture. A downturn in its core automotive markets globally alongside the wider worsening economic situation in Germany has led to a significant strategic review by Bosch and resulted in it reducing investments in several areas, including in the Company.

Statement of disclosure to the auditor

Each of the persons named as Directors at the date of this report confirm that:

- So far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- That they have taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution to reappoint BDO LLP as the Company's external auditor for the year ending 31 December 2025 and for its remuneration to be agreed by the Audit and Risk Committee will be submitted to the 2025 Annual General Meeting.

Statement of Directors' responsibilities in respect of the Annual Report and financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards (IFRS), and have elected to prepare the parent company statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The management report includes a fair review of the development or performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties.

The Directors confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Publication

The Annual Report and Accounts will be made available on the Company's website and also on the National Storage Mechanism in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors' Report has been approved by the Board of Directors and is signed on their behalf by:

Dominic Murray
Company Secretary
20 March 2025

Financial statements

Independent auditor's report

to the members of Ceres Power Holdings plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ceres Power Holdings Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated statement of profit and loss and other comprehensive income, Consolidated statement of financial position, Consolidated cash flow statement, Consolidated statement of changes in equity, Company balance sheet, Company statement of changes in equity and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is five years, covering the years ended 31 December 2020 to 31 December 2024. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Assessment of assumptions within the projected cash flows: we evaluated the reasonableness of the assumptions and future plans modelled within the Board approved going concern forecasts, covering the period to 31 December 2026, including the impact of strategic initiatives. We considered whether the forecasts aligned with how the Group had traded throughout the year, which included reviewing the movement in revenue against our understanding of the contracts and the movements in expenditure compared to historic costs.
- Sensitivity analysis: evaluation of sensitivities of the Group's cash flow forecasts. The analysis considered reasonably possible adverse effects that could arise as well as a stress test to consider the level of future revenue reduction and cost increases that the Group could support.
- Post year end trading performance: comparison of the post year end trading results to the forecasts to evaluate the accuracy and achievability of the forecasts planned.
- Disclosures: evaluation of the adequacy of the disclosures in relation to the risks posed and scenarios the Directors have considered in performing their going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report continued

to the members of Ceres Power Holdings plc

Overview

Key audit matters		2024	2023
	Revenue recognition: application of IFRS 15 and measurement of revenue	✓	✓
	Revenue recognition: forecast labour hours	✗	✓
	Capitalisation of development costs	✓	✓
	Revenue recognition: forecast labour hours is no longer considered to be a key audit matter as estimates of forecast hours are not a material input in the calculation of engineering services revenue in the current year.		
Materiality	**Group financial statements as a whole** £880,000 based on 1.25% of expenses (2023: £328,000 based on 1.5% of revenue).		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

From the above risk assessment and planning procedures, we determined which of the Group's components were likely to include risks of material misstatement relevant to the Group's financial statements.

The Group operates in the United Kingdom and China. The Group is made up of four trading companies supported by three holding companies, one of which being the Parent Company. As part of performing our Group audit, we have determined four components in scope that comprise the four trading companies in the United Kingdom.

In determining the components, we have considered how components are organised within the Group, and the commonality of control environments, legal and regulatory framework, and level of aggregation associated with individual entities.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included procedures on the entire financial information of the components including substantive procedures.

Procedures performed at the component level

The Group engagement team has performed all audit procedures directly, and has not involved component auditors in the Group audit.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
- Involvement of climate-related experts in evaluating management's risk assessment; and
- Review of the minutes of Board and Audit Committee meetings and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in management's going concern assessment and viability assessment.

We also assessed the consistency of management's disclosures included as 'Other Information' on page 99 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Overview continued

Key audit matters continued

Key audit matter – 1		**How the scope of our audit addressed the key audit matter**
Revenue Recognition: application of IFRS 15 and measurement of revenue (Accounting policies, Note 2 - Revenue £51.9m)	The Group accounts for revenue in line with the requirements of IFRS 15, Revenue from contracts with customers. Given the Group's revenue contracts are complex, the application of IFRS 15 and measurement of revenue requires management to make a number of judgements and estimates as included below. The contracts are specific to each customer and are complex. However, there are some similarities across the contracts. For the purpose of assessing risk of material misstatement, we grouped the contracts into three buckets: 1) new contracts entered into in the period; 2) contracts being extended; and 3) contracts ending in the period. Within each of these 'buckets' there are four revenue streams: technology transfer, hardware sales, licence development and engineering services. Where new contracts were entered into, the judgements and estimates required include: the consideration of contract length and variable consideration on transaction price, the identification of performance obligations, whether the basis used in allocating the transaction price is appropriate and reasonable, and whether the measurement of revenue allocated to each performance obligations is correct or not. Where contracts are extended, the judgements and estimates required include the assessment of whether the remaining goods and services are distinct or not from those already transferred, and whether the measurement of revenue allocated to each of the remaining performance obligations is correct or not.	For each of the new contracts entered into in the period, we assessed management's application of the IFRS 15 five step model and performed the following procedures: • We obtained signed copies of the new contracts, verified that contracts had been approved and created enforceable rights and assessed the contract length given the judgement involved on substantive termination penalties. • We obtained management's assessment of the performance obligations contained within each contract and challenged their determination of whether each performance obligation was distinct through understanding the terms of the contract, and through our understanding of the nature of the services provided. • We assessed management's determination of the transaction price. This included evaluating the terms of the contract to determine if it included fixed amounts, variable amounts, or both. • We assessed management's allocation of the transaction price to individual performance obligations through auditing the judgements and estimates made by management in relation to this. For technology transfer and hardware sales this included testing the transaction prices of the performance obligations for consistency with other contracts and previous transactions. For licence development and engineering services we assessed the reasonableness of allocating the remaining transaction price on a residual basis. This included considering factors such as whether the performance obligations have an observable selling price, and whether that selling price was highly variable in nature. Having determined whether the residual basis was appropriate, we then consider whether that allocation of the residual pool between performance obligations was reasonable. We did this by determining whether the ratio used to allocate the residual pool was in agreement with the ratios included in the contracts. • We challenged management over the judgements and assumptions detailed above, comparing them against our understanding of the business and agreeing the input data for judgements to supporting documentation. • We considered whether the treatment of the contract is in line with the revenue recognition accounting policy. • We tested the revenue recognised in the year by obtaining evidence that performance obligations had been satisfied at a point in time or over time through corroboration to supporting documents. We challenged management for any contradictory information noted as a result of procedures performed.

Independent auditor's report continued

to the members of Ceres Power Holdings plc

Overview continued

Key audit matters continued

Key audit matter – 1 continued		How the scope of our audit addressed the key audit matter
	There was no judgement required for contracts that ended in the period as the revenue recognised equalled total contract value, less amounts recognised in previous periods. For these reasons, the application of IFRS 15 and measurement of revenue in respect of revenue relating to new contracts and contracts that were extended required significant auditor attention. We therefore determined this to be a key audit matter	For contracts that were extended in the period we challenged management's assessment of whether the remaining goods and services were distinct from those already transferred. We did this by considering the terms of the contract change in the context of our understanding of the nature of the future goods and service to be provided under the contract. Where the goods and services were considered to be distinct from those previously provided, we confirmed whether this led to a termination of an existing contract and the creation of a new contract; this was tested in accordance with new contracts detailed above and contracts ending as per below. Where they were not considered distinct, we confirmed that they were accounted for in the same manner as the existing contract and we tested the cumulative catch up adjustments through recalculation and agreeing changes in terms to signed contracts. In addition we agreed the basis of price allocation as per the underlying contract by considering whether management had correctly allocated the revenue for the remaining performance obligations. For contracts ending in the period, we ensured that revenue recognised in the current year equalled total contract value less revenue recognised in previous years. **Key observations:** As a result of the procedures performed we did not find any matters to indicate that judgements made in the application of IFRS 15 or the measurement of revenue led to revenue being materially misstated.

Key audit matter – 2		How the scope of our audit addressed the key audit matter
Capitalisation of development costs (Accounting policies, Note 11 – Intangibles, Internal development programmes £18.7m)	The Group capitalised £2.0m of costs relating to internal development programmes in the year. Given the significance of capitalised development costs to the Group's activities, and given the significant judgement required in the assessment and application of the capitalisation criteria, there is a risk that costs incurred for have been inappropriately capitalised. We therefore determined this to be a key audit matter.	We have performed an assessment of the capitalised costs to understand the rationale behind capitalisation and the likelihood of future benefits to be drawn from the costs incurred, in order to determine whether the capitalisation criteria within IAS 38 were met. For externally-incurred costs capitalised in the year, we have agreed a sample to supporting documentation and considered whether these costs were eligible for capitalisation under the criteria in IAS 38. For capitalised labour costs, we have: • reconciled the costs to the total payroll charge for the period, • tested the time sheets allocation of labour costs to internal development programmes, and • tested a sample of labour hours capitalised in the period by ensuring the capitalised hours had been approved, and related to activities that met the criteria for capitalisation under IAS 38. **Key observations:** As a result of the testing above we did not find any matters to indicate that the capitalised development costs were materially misstated.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2024 £	2023 £	2024 £	2023 £
Materiality	880,000	328,000	830,000	213,000
Basis for determining materiality	1.25% of expenses	1.5% of revenue	Capped at 95% (2023: 65%) of Group materiality.	
Rationale for the benchmark applied	Given the volatility of revenue, and having considered metrics in the financial statements that are most relevant to users of the financial statements, we have determined that changing the basis on which materiality is calculated to expenses is appropriate. We have selected a materiality for FY24 of £880,000 based on 1.25% of expenses as we consider this is the best reflection of the scale of the entity's operations noting it has also been relatively consistent year on year.		Ceres Power Holdings Plc is a holding company with investments in subsidiaries. We considered a benchmark based on net assets to be most appropriate, however have capped materiality to a percentage of Group materiality.	
Performance materiality	570,000	213,000	540,000	138,000
Basis for determining performance materiality	In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements, the number of areas of estimation within the financial statements and the type of audit testing to be completed. Performance materiality was set at 65% of materiality (2023: 65%)			
Rationale for the percentage applied for performance materiality	Performance materiality is consistent with previous year considering no significant changes in the nature of activities and operations of the Group.			

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 88% and 95% of Group performance materiality (2023: 65% of Component materiality) dependent on the size and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £770,000 to £830,000 (2023: 65% of component materiality ranging from £184,000 to £308,000).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £44,000 (2023: £7,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report continued

to the members of Ceres Power Holdings plc

Corporate governance statement

The UK Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 106; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 106.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 93; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 39; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 58; and • The section describing the work of the audit committee set out on page 58.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities statement in respect of the Annual Report and Financial Statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Auditor's responsibilities for the audit of the financial statements continued

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be the UK adopted international accounting standards, UK GAAP, UK tax legislation, Listing Rules and the Companies Act 2006.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation and GDPR legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance and the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, incorrect application of IFRS 15 (revenue from contracts with customers) on contracts and incorrect measurement of revenue.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias including the dilapidations provisions and the recognition and measurement of inventory provision; and
- Assessing the application of IFRS 15 on contracts including the estimates and judgements used in the measurement of revenue based on procedures performed on key audit matter 1 above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Acloque (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of profit and loss and other comprehensive income

for the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Revenue	2	**51,891**	22,324
Cost of sales		**(11,727)**	(8,770)
Gross profit		**40,164**	13,554
Other operating income	3	**2,846**	3,665
Operating costs	3	**(74,327)**	(76,620)
Operating loss		**(31,317)**	(59,401)
Finance income	4	**5,807**	7,079
Finance expense	4	**(362)**	(1,287)
Loss before taxation	3	**(25,872)**	(53,609)
Taxation charge	7	**(2,433)**	(399)
Loss for the financial year and total comprehensive loss		**(28,305)**	(54,008)
Loss per £0.10 ordinary share expressed in pence per share:			
– basic and diluted	8	**(14.64)p**	(28.03)p

The notes on pages 106 to 131 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 31 December 2024

	Note	As at 31 Dec 2024 £'000	As at 31 Dec 2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	9	**23,584**	25,882
Right-of-use assets	10	**1,834**	2,141
Intangible assets	11	**19,974**	19,054
Investment in associates	12	**2,218**	2,350
Other receivables	14	**741**	741
Total non-current assets		**48,351**	50,168
Current assets			
Inventories	13	**2,756**	2,825
Contract assets	2	**8,208**	1,575
Other current assets	15	**1,430**	1,193
Derivative financial instruments	19	**8**	8
Current tax receivable		**—**	771
Trade and other receivables	14	**17,885**	9,876
Short-term investments	16	**54,971**	90,249
Cash and cash equivalents	16	**47,494**	49,707
Total current assets		**132,752**	156,204
Liabilities			
Current liabilities			
Trade and other payables	17	**(3,538)**	(4,983)
Contract liabilities	2	**(10,682)**	(7,469)
Other current liabilities	18	**(6,825)**	(6,301)
Derivative financial instruments		**—**	(99)
Lease liabilities	20	**(731)**	(694)
Provisions	21	**(441)**	(647)
Total current liabilities		**(22,217)**	(20,193)
Net current assets		**110,535**	136,011

	Note	As at 31 Dec 2024 £'000	As at 31 Dec 2023 £'000
Non-current liabilities			
Lease liabilities	20	**(1,492)**	(1,902)
Other non-current liabilities	18	**(1,221)**	(1,360)
Provisions	21	**(2,340)**	(2,282)
Total non-current liabilities		**(5,053)**	(5,544)
Net assets		**153,833**	180,635
Equity attributable to the owners of the parent			
Share capital	22	**19,370**	19,297
Share premium		**406,650**	406,184
Capital redemption reserve	23	**3,449**	3,449
Merger reserve	23	**7,463**	7,463
Accumulated losses		**(283,099)**	(255,758)
Total equity		**153,833**	180,635

The notes on pages 106 to 131 are an integral part of these consolidated financial statements.

The financial statements on pages 102 to 105 were approved by the Board of Directors on 20 March 2025 and were signed on its behalf by:

Phil Caldwell
Chief Executive Officer

Stuart Paynter
Chief Financial Officer

Ceres Power Holdings plc
Registered Number: 5174075

Consolidated cash flow statement

for the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Loss before taxation		**(25,872)**	(53,609)
Adjustments for:			
Finance income	4	**(5,807)**	(7,079)
Finance expense	4	**362**	1,287
Depreciation of property, plant and equipment	3	**7,472**	7,461
Depreciation of right-of-use assets	3	**710**	641
Amortisation of intangibles	3	**1,374**	1,024
Net foreign exchange loss/(gains)	3	**79**	(232)
Net change in fair value of financial instruments at fair value through profit or loss	3	**(99)**	143
Share-based payments	24	**964**	67
Operating cash flows before movements in working capital and provisions		**(20,817)**	(50,297)
(Increase)/decrease in trade and other receivables and other current assets		**(8,757)**	6,356
Decrease in inventories		**69**	2,889
(Decrease)/increase in trade and other payables and other liabilities		**(1,809)**	1,847
Increase in contract assets		**(6,633)**	(1,175)
Increase in contract liabilities		**3,213**	106
Decrease in provisions		**(188)**	(536)
Net cash used in operations		**(34,790)**	(40,810)
Taxation (paid)/received		**(1,019)**	6,911
Net cash used in operating activities		**(35,941)**	(33,899)

	Note	2024 £'000	2023 £'000
Investing activities			
Proceeds from sale of property, plant and equipment		**—**	225
Purchase of property, plant and equipment		**(4,449)**	(7,922)
Capitalised development expenditure		**(2,294)**	(6,800)
Decrease in short-term investments		**32,537**	21,168
Finance income received		**8,469**	5,616
Net cash generated from investing activities		**34,263**	12,287
Financing activities			
Proceeds from issuance of ordinary shares		**539**	809
Repayment of lease liabilities	20	**(774)**	(658)
Finance interest paid	4	**(243)**	(393)
Net cash used by financing activities		**(478)**	(242)
Net decrease in cash and cash equivalents		**(2,156)**	(21,854)
Exchange (loss)/gain on cash and cash equivalents		**(57)**	(223)
Cash and cash equivalents at beginning of year		**49,707**	71,784
Cash and cash equivalents at end of year	16	**47,494**	49,707

Non-cash items have been reconciled in Note 28.

The notes on pages 106 to 131 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2024

	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total £'000
At 1 January 2023		19,209	405,463	3,449	7,463	(201,817)	233,767
Comprehensive income							
Loss and total comprehensive loss for the financial year		—	—	—	—	(54,008)	(54,008)
Total comprehensive loss		—	—	—	—	(54,008)	(54,008)
Transactions with owners							
Issue of shares, net of costs	22	88	721	—	—	—	809
Share-based payments	24	—	—	—	—	67	67
Total transactions with owners		88	721	—	—	67	876
At 31 December 2023		19,297	406,184	3,449	7,463	(255,758)	180,635
Comprehensive income							
Loss and total comprehensive loss for the financial year		—	—	—	—	**(28,305)**	**(28,305)**
Total comprehensive loss		—	—	—	—	**(28,305)**	**(28,305)**
Transactions with owners							
Issue of shares, net of costs	22	**73**	**466**	—	—	—	**539**
Share-based payments	24	—	—	—	—	**964**	**964**
Total transactions with owners		**73**	**466**	—	—	**964**	**1,503**
At 31 December 2024		**19,370**	**406,650**	**3,449**	**7,463**	**(283,099)**	**153,833**

The notes on pages 106 to 131 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2024

1. Accounting policies used in the preparation of the financial statements

The Company is incorporated and domiciled in the United Kingdom and is registered on the equity shares (commercial companies) category of the Main Market of the London Stock Exchange (LON:CWR).

The accounting policies applied in the preparation of these consolidated financial statements are set out below and at the start of the respective notes to these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group have been prepared on a going concern basis, in accordance with UK-adopted International Accounting Standards ("IFRS").

The Company has elected to prepare its entity financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and these are presented on pages 132 to 137.

The consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments that are stated at their fair value.

Foreign currencies

The consolidated financial statements are presented in pounds sterling, which is the Company's functional currency and the Group's presentational currency. Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the foreign exchange rate prevailing at the period end. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Profit and Loss.

Basis of consolidation

The consolidated financial statements of Ceres Power Holdings plc include the results of the Company, subsidiaries which are controlled by the Group and the Group's interest in associates. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration substantive potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-Group balances and transactions, and any unrealised income and expenses arising from Intra-Group transactions, are eliminated.

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operational policy decisions of the investee but is not control or joint control over those policies. The Group's share of the results of associates is included in the Group's Consolidated Statement of Profit and Loss using the equity method of accounting.

Investments in associates are recognised in the Group's Consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of the entity's net assets, less any impairment in value. If the Group's share of losses in an associate equals or exceeds its investment in the associate, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the associate.

Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity.

Going concern

The Group has reported a loss after tax for the year ended 31 December 2024 of £28.3 million (2023: £54.0 million) and net cash used in operating activities of £35.9 million (2023: £33.9 million). At 31 December 2024, the Group held cash and cash equivalents and investments of £102.5 million (31 December 2023: £140.0 million).

The Directors have prepared monthly budgets and cash flow projections that extend up to 31 December 2026. The forecast operating cash will be lower in 2025 compared to 2024 following the Group's restructuring. Future projections include management's expectations of the further investment in R&D projects, new product development and capital investment as the Group sustains its competitive advantage in licensing fuel cell and electrolysis technologies. Within these projections the Group has considered the termination by Bosch which does not adversely impact the going concern assessment. Future cash inflows reflects management's expectations of revenue from existing and new licensee partners in both the power and green hydrogen markets.

The projections were stress tested by applying different scenarios in line with the Group's viability scenarios presented on pages 43 to 45 including a slower intake of future licensee partners leading to a loss of significant future revenue and a resulting cost mitigation. In each case the projections demonstrated that the Group is expected to have sufficient cash reserves to meet its liabilities as they fall due and to continue as a going concern for at least a period of 12 months. For the above reasons, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

1. Accounting policies used in the preparation of the financial statement continued

Critical accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Significant judgements

The judgements made by management in applying accounting policies that are considered to have the most significant impact on the Group's assets and liabilities are the following:

- Revenue from customer contracts;
- Capitalisation and amortisation of development costs; and
- Determination of the term of the lease as a lessee in the event of agreements with termination options.

Revenue from customer contracts

The Group generated £51.9 million in revenue from customer contracts during the year ended 31 December 2024 (2023: £22.3 million). At year end, net contract liabilities are at £2.5 million (2023: £5.9 million). Note 2 provides a detailed explanation of Group's revenue recognition accounting policies and the change in net contract liability position compared to the prior year.

Customer contracts typically include engineering services, technology hardware sales, and licensing agreements. Recognising revenue from these contracts requires judgement in several key areas:

Enforceable rights: In determining the contract length, we assess each contract's termination clauses to determine if there are substantive termination penalties such that enforceable rights exist across the contracted term.

Identifying performance obligations: We assess each contract to determine the distinct promises made to the customer. This involves judgement, as each contract can have unique elements.

Allocating revenue: We determine the appropriate allocation of revenue to each distinct performance obligation within a contract. This requires judgement of the relative value of each element.

Assessing variable consideration: Some contracts include variable consideration. These amounts are evaluated, including any limitations on their recognition, to ensure revenue is recognised appropriately.

A key element of revenue recognition involves determining the nature of our technology licenses. This requires judgement to distinguish between granting a right to use existing intellectual property (IP) and a right to access future IP developments. For example, if a customer gains access to our existing IP at a specific point in time, this is typically treated as a right to use license. In contrast, where a contract confers the customer with the right to benefit from future IP developments as they occur, that is more likely to be treated as a right to access licence. Determining the point at which the customer fully benefits from the IP also requires judgement, considering factors such as the customer's experience with solid oxide cell technology.

These judgements are based on a thorough review and interpretation of the specific terms and conditions within each customer contract. Revenue is recognised to the extent that it is highly probable that there will not be a significant reversal in the amount of cumulative revenue recognised in a future reporting period.

Capitalisation and amortisation of development costs

When determining the criteria for starting, and subsequently ceasing, the capitalisation of development costs as an internally generated asset, IAS 38 requires that strict criteria are met; in particular, that it is probable that future economic benefits will result from the development asset.

Following the signing of commercial contracts with the Group's strategic partners in 2018, management determined that the probability threshold had been met for the Group's fuel cell (SOFC) technology, and the Group implemented processes to continuously review and assess all customer and internal development programme expenditure to ascertain whether it is appropriate to capitalise development costs under IAS 38. The Group's R&D costs in relation to solid oxide electrolysis cell (SOEC) technology did not fully meet the criteria for capitalisation under IAS 38, therefore none of these costs are capitalised as at 31 December 2024.

Determining when capitalisation should commence is a critical judgement, as is the basis for the appropriate stage at which to cease capitalising ongoing costs and to commence amortising the capitalised asset.

Within the Group there is an established Technology and Product Development Process with gated milestones that assesses the technology and product viability and maturity. Generally, until a programme has passed the required milestone gate, all expenditure is deemed "Research" and expensed as incurred. Identifiable development expenses incurred after the milestone gate is passed are capitalised within the parameters set out in the accounting policy. Once a programme has passed another milestone gate, confirming development activities are completed, the capitalisation of costs ceases. Any further expenditure is expensed, and amortisation of the intangible asset commences.

Application of the above policy requires management's judgement around key areas such as future commercial feasibility of the development and that future economic benefit will be derived from the development. The Executive Committee regularly reviews the critical judgements around capitalisation and useful economic life of development projects.

During the year ended 31 December 2024, the application of these judgements resulted in development costs of £2.3 million (2023: £6.8 million) being capitalised (see Note 11). The net book value of capitalised development costs as at 31 December 2024 increased to £19.9 million (31 December 2023: £18.8 million), and amortisation of £1.3 million (2023: £0.9 million) was charged during the year.

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

1. Accounting policies used in the preparation of the financial statement continued

Determination of the term of the lease as a lessee in the event of agreements with termination options

Ceres determines the term of the lease as the non-cancellable period for which the lessee has the right to use the asset as well as periods covered by termination options if Ceres is reasonably certain that it will not exercise that option. Both leases for premises contain a break clause. Ceres applies judgement in evaluating whether it is reasonably certain that an option to renew will be exercised or that an option to terminate the lease will not be exercised. In this context, Ceres considers all relevant facts and circumstances that create an economic incentive for Ceres to exercise, or not to exercise, the termination option.

Significant estimates and assumptions

Significant estimates and associated assumptions are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The most significant estimates, assumptions and sources of uncertainty applicable in preparing the consolidated financial statements are set out below:

- Determination of period-related revenue recognition over the course of customer contracts;
- Recognition and measurement of warranty provisions; and
- Recognition and measurement of dilapidation provisions.

Determination of period-related revenue recognition over the course of customer contracts

For engineering services and development licences, revenue is recognised over time as the performance obligation is progressively satisfied. The determination of the amount and timing of revenue recognition requires significant estimation to assess the stage of completion for contracts with these performance obligations.

The stage of completion for both engineering services and development licences is typically determined using an input method, based on progress towards the contracted completion date of the statement of work, assessed by comparing time elapsed with time remaining. Changes in these estimates may impact the revenue recognised at the reporting date.

In the prior year, engineering service revenue for previous contracts was being recognised on the percentage of completion method measured based on the contract labour hours at each reporting period compared to the estimated total contract labour hours required to deliver the service over the contract life. The change in estimate from percentage of completion to time elapsed is aligned with the consumption of the performance obligation by the customers. The impact of applying this change is immaterial on current year's reported revenue.

Recognition and measurement of warranty provisions and contingent liabilities

As at 31 December 2024, the Group recognised warranty provisions of £0.4 million (31 December 2023: £0.6 million). When recognising and measuring provisions, assumptions are required about probability of occurrence, maturity and level of risk. Determining whether a current obligation exists is usually based on review by internal experts. The amount of provision is based on expected expenses, and is either calculated by assessing the specific case in light of empirical values, outcomes from comparable circumstances, evidence provided from historical commercial settlements, or else estimated by experts.

Management believes that, based on existing knowledge, it is reasonably possible that warranty costs could be up to 50% higher or lower than recognised. This could result in the Group incurring additional costs of up to c.£0.2 million over the next 12 months (2023: £0.3 million) as a result. Note 21 sets out further details around the Group's warranty provisions.

Recognition and measurement of dilapidation provisions

As at 31 December 2024, the Group has recognised dilapidation provisions of £2.3 million (31 December 2023: £2.3 million). The amount of provision is based on the expected cost at the termination of the lease agreements, to bring the leasehold properties back to their original condition. The provision has been based on an independent surveyor's report; however, management has applied judgement and interpretation to determine the best estimate of the expenditure required to settle the Group's probable liability based on this valuation, as well as to determine appropriate discount and inflation rates to apply. If total dilapidation costs ended up being 10% higher than expected, additional costs incurred would be in the order of £0.3 million (2023: £0.2 million). Note 21 sets out further details around the Group's dilapidation provisions.

New standards and amendments applicable as of 1 January 2024

The Group has adopted all standards, interpretations amended or newly issued by the IASB that were effective in the year. Their adoption has not had any material effect on the consolidated financial statements, these are:

- IAS 1 Presentation of financial statements (Amendment – Classification of liabilities as current or non-current and non-current liabilities with covenants);
- IFRS 16 Lease (Amendment – Lease liability in a sale and leaseback); and
- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments (Amendment – disclosures of supplier finance arrangements).

1. Accounting policies used in the preparation of the financial statement continued

New standards and amendments issued but not yet effective

The following adopted IFRSs have been issued, have an effective date for annual periods beginning on or after 1 January 2025 and have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have a material effect on the consolidated financial statements unless otherwise indicated.

The following amendments are effective for the periods beginning 1 January 2025 and 1 January 2026, but have not yet been adopted by the UK Endorsement Board:

- IAS 21 The Effect of Changes in Foreign Exchange (Amendment – Lack of exchangeability);
- IFRS 9 Financial Instruments (Amendment – Classification and measurement of financial instruments); and
- IFRS 9, IFRS 7 Presentation and disclosure of financial instruments (Amendment – Contracts referencing nature-dependent electricity.

IFRS 18 Presentation and Disclosure in Financial Statements is applicable from 1 January 2027 (not yet endorsed in the UK) so management have not yet assessed the impact.

The Group no longer presents segmental reporting information which is now consistent with the information the chief operating decision maker receives. This has changed since the 2023 Annual Report as a result of the combined SOFC and SOEC agreement signed by Delta.

2. Revenue

Revenue and direct costs

Revenue comprises the fair value of the consideration received or receivable for the provision of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, other sales taxes and after eliminating sales within the Group.

Revenue primarily consists of amounts received or receivable from licence, development, evaluation and supply contracts.

Manufacturing licence agreements

Manufacturing licence agreements serve to licence core cell and stack IP with associated performance obligations to support the partner through to factory launch and royalty generation. As the core IP has matured, these agreements have moved from having a focus on collaborative development of the IP, to a less bespoke licence and support model. These two types of manufacturing licence agreement are referred to below as "legacy" and "new".

Legacy manufacturing licence agreements

Engineering services – the nature of work typically includes joint development of core IP along with stand-ready support to assist the partner to factory launch. Revenue is allocated based on an initial cost estimate with an appropriate margin uplift applied (cost-plus margin). Revenue is recognised based on an input method as the performance obligation is satisfied.

Prototype hardware – the nature of the hardware is to supply the partner with hardware to utilise in their factory and system development. Revenue is allocated based on an initial cost estimate with an appropriate margin uplift applied (cost-plus margin). Control is assessed to have passed to the partner on delivery and therefore the performance obligation is satisfied at a point in time.

Right to use technology transfer licence – the right to use technology transfer licence provides the partner with the required IP to design and construct a manufacturing facility. The performance obligation is satisfied at a point in time when the technology transfer is provided to the partner.

Right to access development licence – the right to access development licence provides the partner the right to access future technology advancements up until the start of production. The performance obligation is transferred to the partner evenly over time up until the partner starts commercial production.

New manufacturing licence agreements

Right to use technology transfer licence – the right to use technology transfer licence provides the partner with the required IP to design and construct a manufacturing facility. Revenue is allocated by reference to a stand-alone selling price observable for the performance obligation. The performance obligation is satisfied at a point in time when the technology transfer is provided to the partner.

Prototype hardware – the nature of the hardware is to supply the partner with hardware to utilise in their factory and system development. Revenue is allocated based on an initial cost estimate with an appropriate margin uplift applied (cost-plus margin). Control is assessed to have passed to the partner on delivery and therefore the performance obligation is satisfied at a point in time.

Right to access development licence – the right to access development licence provides the partner the right to access future technology advancements up until the start of production. The performance obligations transferred to the partner evenly over time up until the partner starts commercial production.

Engineering services – the nature of the work typically comprises stand-ready support to help our partners with their commercialisation targets. The performance obligation is recognised as support occurs and, without evidence to the contrary, is transferred to the partner evenly over time up until the partner starts commercial production.

Revenue is allocated to the right to access development licence and engineering services on a residual basis after allocation of revenue to the right to use licence and provision of prototype hardware.

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

2. Revenue continued

Manufacturing licence agreements continued

New manufacturing licence agreements continued

Technology evaluation occurs when partners evaluate Ceres technology for potential further uses. The performance obligations typically consist of prototype hardware and engineering services and revenue is allocated in line with legacy manufacturing licence agreements. For prototype hardware recognition of revenue depends on the nature of the evaluation, if the control of the hardware remains with Ceres, revenue is recognised evenly over the period of evaluation. If the control is transferred to the customer, revenue is recognised at the point in time control is passed to the customer.

Other licence, development and supply agreements

Aside from the agreement types laid out above, Ceres also engage in other licence, development and supply agreements with partners. These could contain right to use and right to access licences, engineering services and prototype hardware supply and are typically accounted for in the same manner as legacy manufacturing licence agreements.

Material differences in the amount of revenue in any given period may result if the judgements or estimates prove to be incorrect or if management's estimates change on the basis of development of the business or market conditions. This is considered further in the significant judgements and estimates section of Note 1. The revenue recognition is subject to certainty of receipt of cash, or when any specific conditions in agreements have been met. Where there is a timing difference between the recognition of revenue and invoicing under a contract, a contract asset or liability is recognised.

If a loss is expected in respect of a contract, the entire loss is recognised immediately in the Consolidated Statement of Profit and Loss.

Variable consideration, such as for the achievement of performance targets or variation requests under negotiation with the customer at the reporting date, can be included in the transaction price associated with the performance obligations. These estimates of the expected value or most likely amount are recognised to the extent that it is highly probable that there will not be a significant reversal in the amount of cumulative revenue recognised in a future reporting period.

Contract modifications are treated as a separate contract if the scope of the contract increases because of the addition of distinct goods or services, and the price of the contract increases by an amount of consideration that reflects the stand-alone selling price of the additional promised goods or services.

Where a contract modification does not meet these criteria, it is accounted for as an adjustment to the existing contract, either prospectively, where the remaining goods or services are distinct from the goods and services transferred before the modification, or through a cumulative catch-up adjustment, where the remaining services are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Geographical market

	2024 £'000	2023 £'000
Europe	**8,689**	12,394
Asia	**43,064**	9,589
North America	**138**	341
	51,891	22,324

For the year ended 31 December 2024, the Group has identified three major customers (defined as customers that individually contributed more than 10% of the Group's total revenue) that accounted for approximately 44%, 26% and 13% of the Group's total revenue recognised in the year (year ended 31 December 2023: two customers that accounted for approximately 51% and 36% of the Group's total revenue for that year).

Major product/service lines

	2024 £'000	2023 £'000 Restated[1]
Provision of technology hardware	**6,938**	5,726
Engineering services and licences[1]	**44,953**	16,598
	51,891	22,324

1. Following changes to how information is presented to the Chief Operating Decisions Makers (CODM), in 2024 revenue from engineering services and licences is no longer disaggregated. The Group has restated the presentation of major product/service lines for the year ended 31 December 2023.

Timing of transfer of goods and services

	2024 £'000	2023 £'000
Products and services transferred at a point in time	**33,030**	6,544
Products and services transferred over time	**18,861**	15,780
	51,891	22,324

Contract-related assets and liabilities

	Note	**31 Dec 2024 £'000**	31 Dec 2023 £'000	1 Jan 2023 £'000
Trade receivables	14	**9,872**	3,422	11,825
Contract assets – accrued income		**7,333**	1,575	400
Contract assets – deferred contract costs		**875**	—	—
Total contract-related assets		**18,080**	4,997	12,225
Contract liabilities – deferred income		**(10,682)**	(7,469)	(7,363)

2. Revenue continued

Contract-related assets and liabilities continued

No material expected credit losses were recognised against trade receivables or contract assets in either the current or prior year. Further details regarding the composition of trade receivables can be found in Note 14.

The contract assets – accrued income – relates to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the work is invoiced. The increase in the balance compared with 31 December 2023 is a result of significant up front revenue recognised in the year from two new licence customers and timing differences with invoicing.

The contract assets – deferred contract costs – relates to costs to fulfil our performance obligations under an obtained contract, but before transferring goods or services to the customer. Contract cost assets are amortised on a systematic basis consistent with the expected pattern of transfer of the related goods or services under the contract.

The contract liabilities – deferred income – relates to invoices raised in advance of the performance obligation being satisfied. There are no significant financing components associated with deferred income. The increase in the balance compared with the prior year is primarily due to timing differences between revenue recognised on work performed and raising invoices to customers.

Revenue recognised in the current year that was included in the contract liabilities – deferred income – balance at the beginning of the year was £3,284,000 (31 December 2023: £2,380,000).

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Contract assets 2024 £'000	**Contract liabilities 2024 £'000**
Revenue recognised that was included in the contract liability balance at the beginning of the year		**3,284**
Increases due to invoices raised, excluding amounts recognised as revenue		**(6,497)**
Transfers from contract assets recognised at the beginning of the year to revenue	**(1,575)**	
Increase in contract asset due to satisfaction of performance obligations for which consideration is not yet due	**7,333**	

	Contract assets 2023 £'000	Contract liabilities 2023 £'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		2,380
Increases due to invoices raised, excluding amounts recognised as revenue		(2,486)
Transfers from contract assets recognised at the beginning of the year to revenue	(400)	
Increase in contract asset due to satisfaction of performance obligations for which consideration is not yet due	1,575	

The revenue expected to be recognised in future years for evaluation and development, supply and licence agreements in respect of performance obligations that are unsatisfied (or partially unsatisfied) at the year end is:

	2025 £'000	2026 £'000	2027 £'000
Evaluation, development, supply and licence agreements[1]	26,200	24,029	9,671

The comparatives as at 31 December 2023 are as follows:

	2024 £'000	2025 £'000	2026 £'000
Evaluation, development, supply and licence agreements[1]	13,016	3,240	3,240

1. Excluding future royalties receivable from partners.

The above analysis excludes revenue which is contracted but contingent upon milestones or decision criteria which are at the customers' discretion.

The Group applies the practical expedient in IFRS 15.121 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

3. Loss before taxation

Research and development

The Group undertakes research and development activities and expenditures not meeting the conditions for capitalisation (see Note 11), are written off as incurred and charged to the Consolidated Statement of Profit and Loss.

Government grants

Grants are recognised on a case-by-case basis. Revenue grants are recognised in the Consolidated Statement of Profit and Loss as other operating income as the related costs are incurred and expensed. The reimbursement of the cost of an item of plant and equipment or intangible by way of a capital grant is presented as deferred income and recognised in the Consolidated Statement of Profit and Loss as other operating income on a basis consistent with the depreciation or amortisation of the asset over its estimated useful life.

For grants with no technical milestones, and where recovery is reasonable, the grant is recognised on an accruals basis in order to match the associated expenditure with the grant income. For grants with technical milestones, these grants are held on the Consolidated Statement of Financial Position as deferred income and are recognised only when the relevant milestone has been achieved.

	2024 £'000	2023 £'000
Operating costs are split as follows:		
Research and development costs	**48,531**	54,034
Administrative expenses	**18,014**	17,681
Commercial expenses	**7,782**	4,905
	74,327	76,620
Loss before taxation is stated after (crediting)/charging:		
Other operating income – grant income	**(244)**	(270)
Other operating income – RDEC tax credit	**(2,602)**	(3,395)
Other operating income – total	**(2,846)**	(3,665)
Staff costs, including share-based payments (Note 5)	**44,996**	41,906
Cost of inventories recognised as expense (Note 13)	**7,073**	4,568
Depreciation of property, plant and equipment (Note 9)	**7,472**	7,461
Depreciation of right-of-use assets (Note 10)	**710**	641
Amortisation of intangible assets (Note 11)	**1,374**	1,024
Repairs expenditure on property, plant and equipment	**841**	1,030
Net change in fair value of financial instruments at fair value through profit or loss	**(99)**	143
Net foreign exchange loss/(gain) recognised in operating costs	**136**	(232)
Net foreign exchange loss recognised in finance expense	**79**	805

Services provided by the Group's auditor

During the year the Group obtained the following services from the Group's auditor as detailed below:

	2024 £'000	2023 £'000
Fees payable to the Company's auditor for the audit of parent Company and consolidated financial statements	**127**	68
Fees payable to the Company's auditor for other services:		
– the audit of the Company's subsidiaries	**329**	177
– audit-related assurance services – review of interim financial results, including audit assurance	**31**	30
– audit-related assurance services – 2023 audit extension fees	**218**	—
– advisory services in relation to the Group's potential move to the Main Market	**—**	85
	705	360

4. Finance income and expense

Interest income and expense

Interest income and expense is recognised in the Consolidated Statement of Profit and Loss in the year in which it is earned or accrued.

	2024 £'000	2023 £'000
Interest received	**5,807**	7,079
Total interest income	**5,807**	7,079
Interest paid	**—**	(99)
Interest on lease liabilities	**(243)**	(248)
Unwinding of discount on provisions	**(40)**	(89)
Other finance costs	**—**	(46)
Foreign exchange loss on cash, cash equivalents and short-term deposits	**(79)**	(805)
Total interest expense	**(362)**	(1,287)

5. Employees and Directors

The average number of persons (including Executive Directors) employed by the Group during the year was:

	2024 Number	2023 Number
By activity:		
Research and development	**364**	369
Prototype production	**102**	128
Administration	**62**	77
Commercial	**18**	16
	546	590

	2024 £'000	2023 £'000
Staff costs (for the above persons) comprised:		
Wages and salaries, including compensation for loss of office	**37,278**	35,500
Social security costs	**4,289**	3,928
Other pension costs (Note 6)	**2,465**	2,411
Share-based payments (Note 24)	**964**	67
	44,996	41,906
Less: staff costs capitalised	**(6,389)**	(7,430)
Staff costs expensed in the year	**38,607**	34,476

In the above, capitalised staff costs relates to costs that have been recognised on the Consolidated Statement of Financial Position. This may arise upon capitalisation of intangible assets or in the creation of inventory work in progress.

	2024 £'000	2023 £'000
Directors' emoluments:		
Aggregate emoluments	**1,658**	1,027
Company contributions to defined contribution pension schemes	**49**	51
Gain on exercise of share options and other share schemes[1]	**363**	707
	2,070	1,785

1. The Directors had LTIPs with an aggregate value of £1,120,513 exercisable as at 31 December 2024 (31 December 2023: £1,197,835).

	2024 £'000	2023 £'000
Highest-paid Director:		
Aggregate emoluments	**872**	565
Company contributions to defined contribution pension schemes	**25**	28
Gain on exercise of share options and other share schemes	**363**	707
	1,260	1,300

Two Directors (2023: two Directors) have retirement benefits accruing under defined contribution pension schemes.

Additional information on the emoluments of the Directors, together with information regarding the share interests and share options of the Directors, is included in the Remuneration Report on pages 62 to 87, which forms part of these audited financial statements.

Key management compensation

The Directors consider that the key management of the Group comprises the Executive Directors, Non-Executive Directors and the Executive Committee. The key management compensation is summarised in the following table:

	2024 £'000	2023 £'000
Salaries and other short-term employment benefits	**4,513**	3,880
Post-employment benefits	**130**	206
Share-based payments	**206**	(111)
	4,849	3,975

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

6. Pensions

Pension scheme arrangements

The Group operates a defined contribution pension plan for employees. The assets of the scheme are held separately from those of the Group in independently administered funds. The plan is a post-employment benefit plan under which the Group pays fixed contributions during the employee's service and will have no legal or constructive obligation to pay amounts after the employee's service ends. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Profit and Loss in the period during which services are rendered by employees.

The pension charge represents contributions payable by the Group to the funds and amounted to £2,465,000 (31 December 2023: £2,411,000). There was no outstanding payable to the funds as at 31 December 2024 (31 December 2023: £316,000).

7. Taxation and deferred taxation

Taxation

The taxation charge for the year comprises current and deferred tax and any adjustment to tax payable or receivable in respect of previous years. Tax is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. However, this legislation does not apply to the Group as its consolidated revenue is lower than €750 million.

The RDEC receivable represents the Directors' best estimate of tax due to the Group at the year-end under the RDEC credit regime.

	2024 £'000	2023 £'000
UK corporation tax	**—**	—
Foreign tax suffered	**2,445**	334
Adjustment in respect of prior periods	**(12)**	65
Taxation charge	**2,433**	399

The current tax rate is 25% (2023: 23.52%). From 1 April 2024 the main corporation tax rate increased from 19% to 25% on profits over £250,000.

A tax charge has arisen as a result of expenditure surrendered and claimed under the SME R&D regime in the prior year and foreign tax and withholding tax arising on licence income received from customers based in China, South Korea and Taiwan. Withholding tax is recognised in the statement of profit and loss in line with the recognition of the underlying revenues.

The tax result for the year is different from the standard rate of UK corporation tax of 25% (2023: 23.52%). The differences are explained below:

	2024 £'000	2023 £'000
Loss before taxation	**(25,872)**	(53,609)
Loss before taxation multiplied by the UK tax rate of 25% (2023: 23.52%)	**(6,468)**	(12,609)
Effects of:		
Expenses not deductible	**110**	302
Effect of overseas tax rates	**1,973**	252
Adjustment in respect of prior periods – overseas tax	**(12)**	—
Adjustment in respect of prior periods – R&D tax credit	**—**	65
Deferred tax rate change	**—**	(649)
Movement in deferred tax not recognised	**6,830**	13,038
Total taxation charge	**2,433**	399

Deferred taxation

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year end.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

A deferred tax liability in respect of intangible fixed assets is recognised where tax relief has been accelerated through RDEC credits. An equivalent deferred tax asset in respect of fixed asset timing differences is therefore also recognised.

	Opening timing difference (Asset)/liability £'000	Movement £'000	Closing timing difference (Asset)/liability £'000
Fixed asset timing differences	(3,507)	(116)	(3,623)
Intangible fixed asset deferred tax liability	3,507	116	3,623
Net deferred tax (asset)/liability recognised	—	—	—

7. Taxation and deferred taxation continued

Deferred taxation continued

Potential deferred tax assets have not been recognised. The gross temporary differences at the year end are set out below:

	2024 £'000	2023 £'000
Temporary differences:		
Difference between capital allowances and depreciation	**(9,560)**	(2,967)
Deductions relating to share options	**(2,374)**	(7,158)
Other timing differences	**(194)**	(563)
Losses carried forward	**(243,011)**	(224,544)
	(255,140)	(235,232)

The deferred tax assets have not been recognised as the Directors consider that it is not probable that the asset will be realised in the foreseeable future. The element of the RDEC credit that can only be set off against future UK corporation tax liability is £3,423,000 (2023: £2,482,000) and has not been recognised as the Directors consider that it is unlikely that this asset will be realised in the foreseeable future and it does not have an expiry date.

8. Loss per share

Basic and diluted loss per £0.10 ordinary share of 14.64p for the year ended 31 December 2024 (31 December 2023: 28.03p) is calculated by dividing the loss for the financial year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Given the losses reported during the year, there is no dilution of losses per share for the year ended 31 December 2024 (31 December 2023: no dilution).

	2024 £'000	2023 £'000
Loss for the financial year attributable to shareholders	**(28,305)**	(54,008)
Weighted average number of shares in issue	**193,321,401**	192,651,782
Loss per £0.10 ordinary share (basic and diluted)	**(14.64)p**	(28.03)p

9. Property, plant and equipment

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes all expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are charged to the Consolidated Statement of Profit and Loss during the financial period in which they are incurred. The Directors annually consider the need to impair these assets.

Depreciation is charged to the Consolidated Statement of Profit and Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold improvements	Ten years or the lease term if shorter
Plant and machinery	Three to ten years
Computer equipment	Three years
Fixtures and fittings	Three to ten years

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

The carrying values of property, plant and equipment are reviewed on an ongoing basis for any indication of impairment. Where any indication of impairment exists, the recoverable value of the assets is estimated. An impairment loss is recognised in the Consolidated Statement of Profit and Loss whenever the carrying value of property, plant and equipment exceeds its recoverable amount.

Assets under construction represents the cost of purchasing, constructing and installing property, plant and equipment ahead of their productive use. The category is temporary, pending completion of the assets and their transfer to the appropriate and permanent category of property, plant and equipment. As such, no depreciation is charged on assets under construction.

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

9. Property, plant and equipment continued

Property, plant and equipment continued

	Leasehold improvements £'000	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Assets under construction £'000	Total £'000
Cost						
At 1 January 2023	7,134	26,229	1,935	276	7,080	42,654
Additions	1,318	3,647	164	115	1,937	7,181
Transfers	511	2,009	—	—	(2,520)	—
Disposals	(150)	(568)	(57)	—	(68)	(843)
At 31 December 2023	8,813	31,317	2,042	391	6,429	48,992
Additions	554	2,786	29	—	1,805	5,174
Transfers	32	2,357	—	—	(2,389)	—
Disposals	(267)	(640)	(321)	(15)	—	(1,243)
At 31 December 2024	**9,132**	**35,820**	**1,750**	**376**	**5,845**	**52,923**
Accumulated depreciation						
At 1 January 2023	2,730	11,901	1,403	233	—	16,267
Charge for the year	1,264	5,783	379	35	—	7,461
Depreciation on disposals	(150)	(411)	(57)	—	—	(618)
At 31 December 2023	3,844	17,273	1,725	268	—	23,110
Charge for the year	1,564	5,635	224	49	—	7,472
Depreciation on disposals	(267)	(640)	(321)	(15)	—	(1,243)
At 31 December 2024	**5,141**	**22,268**	**1,628**	**302**	**—**	**29,339**
Net book value						
At 31 December 2024	**3,991**	**13,552**	**122**	**74**	**5,845**	**23,584**
At 31 December 2023	4,969	14,044	317	123	6,429	25,882
At 1 January 2023	4,404	14,328	532	43	7,080	26,387

Assets under construction primarily comprise plant and machinery and leasehold improvements related to the Group's manufacturing and testing facilities.

10. Right-of-use assets

The Group holds material leases for premises, electric vehicles (EV) and lower value leases for IT equipment, with lease terms ranging from 1 year to 10 years. The Group recognises right-of-use assets and lease liabilities (i.e. leases are recognised on the Consolidated Statement of Financial Position) for all leases other than for short-term leased plant and machinery (i.e. leases that have a term less than 12 months). Short-term lease expense is recognised in operating expenses.

Lease liabilities are initially measured at the present value of the remaining lease payments discounted at the Group's incremental borrowing rate. Subsequently, lease liabilities are measured by adjusting to reflect interest on the lease liability, reducing the liability to reflect lease payments made and to reflect any re-assessment or lease modifications, or revised in-substance fixed lease payments (refer to Note 20).

The associated right-of-use asset for property leases and other assets is initially measured at the amount equal to the lease liability reduced for any lease incentives received, and increased for: lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset. Subsequently, right-of-use assets are measured at cost less any accumulated depreciation and adjusted for any re-measurement of the lease liability. The re-measured lease liability is calculated by discounting the revised lease payments using a revised discount rate at the effective date of the modification. A corresponding adjustment is also made to the right-of-use asset unless the scope of the lease is decreased, in which case a gain or loss may be recognised.

Right-of-use assets are depreciated over the shorter of the lease term and the relevant useful economic life following the periods set out in the property, plant and equipment depreciation policy. Where the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated over its useful economic life.

Right-of-use assets are tested for impairment by applying IAS 36 Impairment of Assets. The carrying values of right-of-use assets are reviewed on an ongoing basis for any indication of impairment. Where any indication of impairment exists, the recoverable value of the assets is estimated. An impairment loss is recognised in the Consolidated Statement of Profit and Loss whenever the carrying value of a right-of-use asset exceeds its recoverable amount.

	Land and buildings £'000	Computer equipment £'000	Electric vehicles £'000	Total £'000
Cost				
At 1 January 2023	4,523	43	—	4,566
Additions	168	—	—	168
Adjustment of lease term	(33)	—	—	(33)
At 31 December 2023	4,658	43	—	4,701
Additions	—	—	290	290
Disposal	—	—	(38)	(38)
Adjustment to contracted rent	145	—	—	145
At 31 December 2024	**4,803**	**43**	**252**	**5,098**
Accumulated depreciation				
At 1 January 2023	1,895	24	—	1,919
Charge for the year	627	14	—	641
At 31 December 2023	2,522	38	—	2,560
Charge for the year	648	5	57	710
Disposal	—	—	(6)	(6)
At 31 December 2024	**3,170**	**43**	**51**	**3,264**
Net book value				
At 31 December 2024	**1,633**	**—**	**201**	**1,834**
At 31 December 2023	2,136	5	—	2,141
At 1 January 2023	2,628	19	—	2,647

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

11. Intangible assets

Research and development

Expenditure incurred on research and development is distinguished as relating to a research phase or development phase with reference to the Group's technology and product development process.

All research phase expenditure is recognised in the Consolidated Statement of Profit and Loss as an expense when incurred (see Note 3). Development phase expenditure is capitalised from the point that all of the following conditions are met:

- The product or process under development is technically and commercially feasible;
- The Group intends to and has the technical ability and sufficient resources to complete the development;
- Future economic benefits are probable; and
- The Group can measure reliably the expenditure attributable to the asset during its development.

Development phase activities involve a plan or design for the production of new or substantially improved products or processes in relation to the Group's core solid oxide cell and system technology and intellectual property. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads.

Capitalisation of development phase activities continues until the point at which the product or process under development meets its originally mandated technical specification. For product and process development, this is at the point where the production design version is approved or the development is completed.

Subsequent expenditure is capitalised where it enhances the functionality of the asset and demonstrably generates an enhanced economic benefit to the Group. All other subsequent expenditure on the product or process is expensed as incurred.

Where development activities are funded through government grants and the cost of those activities is capitalised under this policy, the grants received are considered capital grants and are presented as deferred income and recognised in the Consolidated Statement of Profit and Loss as other operating income on a basis consistent with the depreciation or amortisation of the asset over its estimated useful life.

Patent costs incurred in the procurement of patents in relevant territories are capitalised where the Group considers those patents relate to technology that is deemed to be commercially feasible. Other patent costs and costs to maintain patents once granted in those territories are expensed to in the Consolidated Statement of Profit and Loss as incurred.

Subsequent to recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives and is presented within operating costs. The estimated useful lives are reviewed and adjusted as appropriate, at each balance sheet date. Intangible assets which are not yet available for use are tested for impairment at each balance sheet date. The following useful lives are used in the calculation of amortisation:

Capitalised development	Two to seven years
Patent costs	Three to ten years
Perpetual software licenses	Three years

The carrying values of intangible assets are reviewed on an ongoing basis for any indication of impairment. Where any indication of impairment exists, the recoverable value of the assets is estimated. An impairment loss is recognised in the Consolidated Statement of Profit and Loss whenever the carrying value of an intangible asset exceeds its recoverable amount.

	Internal developments in relation to manufacturing site £'000	Internal development programmes £'000	Perpetual software licences £'000	Patent costs £'000	Total £'000
Cost					
At 1 January 2023	411	13,747	525	852	15,535
Additions	—	6,443	—	357	6,800
At 31 December 2023	411	20,190	525	1,209	22,335
Additions	—	2,010	—	284	2,294
At 31 December 2024	**411**	**22,200**	**525**	**1,493**	**24,629**
Accumulated amortisation					
At 1 January 2023	246	1,786	148	77	2,257
Charge for the year	82	728	137	77	1,024
At 31 December 2023	328	2,514	285	154	3,281
Charge for the year	83	1,019	124	148	1,374
At 31 December 2024	**411**	**3,533**	**409**	**302**	**4,655**
Net book value					
At 31 December 2024	**—**	**18,667**	**116**	**1,191**	**19,974**
At 31 December 2023	83	17,676	240	1,055	19,054
At 1 January 2023	165	11,961	377	775	13,278

The internal development intangible relates to the design, development and configuration of the Group's core solid oxide cell and system technology. Amortisation of capitalised development commences once the developed technology is complete and is available for use. The net book value of internal development programmes that are not available for use at 31 December 2024 are £812,000 (2023: £16,376,000). The significant decrease from 2023 is due to the 640 programme meeting the criteria for cessation of capitalisation in line with IAS 38. The carrying value of the 640 intangible asset at 31 December 2024 was £17,154,000. Amortisation of the 640 programme commenced in November 2024 with an assessed useful life of 7 years.

12. Subsidiary undertakings and associates

Details of the Group's subsidiaries and associates at 31 December 2024 are as follows:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of shares held by the Company	Type of entity
Ceres Power Ltd	England and Wales	£0.001 ordinary shares	100%[1]	Subsidiary
Ceres Intellectual Property Company Ltd	England and Wales	£1.00 ordinary shares	100%[1]	Subsidiary
Ceres Power Intermediate Holdings Ltd	England and Wales	£0.01 ordinary shares	100%	Subsidiary
Ceres Power Licence Company Ltd	England and Wales	£1.00 ordinary shares	100%[1]	Subsidiary
Ceres Holdings International Ltd	England and Wales	£1.00 ordinary shares	100%[1]	Subsidiary
Ceres Engineering Consulting (Shanghai) Co Ltd	Shanghai, China	£1.00 ordinary shares	100%[2]	Subsidiary
RFC Power Ltd	England and Wales	£0.001 ordinary shares	24.2%[3]	Associate

1. Ceres Power Ltd, Ceres Intellectual Property Company Ltd, Ceres Holdings International Ltd and Ceres Power Licence Company Ltd are 100% held directly by Ceres Power Intermediate Holdings Ltd. Registered address is Viking House, Foundry Lane, Horsham, West Sussex, RH13 5PX.
2. 100% held directly by Ceres Power Ltd. Registered address is Office 1903i, Floor 19/F, Tower B, No.1065 West Zhongshan Road, Changning District, Shanghai, China.
3. 24.2% held directly by Ceres Power Intermediate Holdings Ltd. Registered address is Windsor House, Cornwall Road, Harrogate, HG1 2PW.

The principal activity of Ceres Power Ltd is the commercialisation and continued development of the Group's fuel cell and electrochemical technology. The principal activity of Ceres Intellectual Property Company Ltd is the administration of registered intellectual property developed within the Group. The principal activity of Ceres Power Intermediate Holdings Ltd is as a holding company to the other Group companies and to manage the Group's cash, cash equivalents and investments. The principal activity of Ceres Power Licence Company Ltd is the provision of overseas licence and royalty services.

On 23 August 2021, the Group established a Wholly Foreign Owned Entity ("WFOE"), Ceres Engineering Consulting (Shanghai) Co Ltd in Shanghai, China. The company is a 100% owned subsidiary of Ceres Power Ltd. The principal activity of the company is to provide business development and technical support to our business and partners in China.

On 11 November 2021 Ceres Power Intermediate Holdings Ltd acquired an 8.4% shareholding in RFC Power Ltd in exchange for consultancy services performed. RFC Power specialises in developing novel flow battery chemistries for energy storage systems. The shareholding was treated as an investment in associate as the Group determined that the transaction gave the Group significant influence over RFC Power, provided primarily by the share of equity capital and representation on the RFC Power Board. The Group recognised an investment in associate of £0.5 million accordingly. At the same time, the Group signed an option agreement providing Ceres with the option to acquire the balance of the outstanding share capital for up to £25 million, payable in Ceres shares, exercisable from July to November 2022.

On 6 December 2022, the Group signed revised equity and option agreements with RFC Power to: (i) increase the Group's shareholding in RFC Power to 24.2% in return for a payment of £1 million cash made on 6 December 2022 and for the provision of further consultancy services commencing in December 2022 through to mid-2024 for a value of £1 million; and (ii) defer the exercisable period whereby Ceres has the option to acquire all the remaining share capital of RFC Power from between May 2022 and November 2022, to between 1 January 2024 and 30 April 2024 but at the same exercise price.

The contribution of £2 million was treated as an additional cost of investment in the associate, increasing the cost of the investment to £2.5 million at 31 December 2022. In February 2024 the Group terminated its option to acquire the remainder of RFC Power's shares. The Group continues to hold the 24.2% investment as an associate.

The Group has recognised its share of RFC Power's loss for the year ended 31 December 2024 of £132,000 (31 December 2023: £110,000). RFC Power recognised no revenue for the year ended 31 December 2024 or 2023. Current assets of RFC Power at 31 December 2024 were £1,351,000 (2023: £1,988,000) with net currents assets of £1,303,000 (2023: £1,971,000), at each year end RFC had no non-current liabilities. Net assets of RFC Power at 31 December 2024 were £1,331,000 (2023: £1,989,000). RFC Power's reporting date is 30 June which has been considered in recognising the share of the loss for the year and in disclosing the net assets of the associate as at 31 December 2024.

The results of Ceres Power Ltd, Ceres Intellectual Property Company Ltd, Ceres Power Intermediate Holdings Ltd, Ceres Holdings International Ltd, Ceres Engineering Consulting (Shanghai) Co Ltd and Ceres Power Licence Company Ltd are included within these consolidated financial statements. The Group's share of the results of RFC Power Ltd are included within these consolidated financial statements by applying the equity method of accounting, as set out in Note 1. The Group's share of RFC's results since acquiring the shareholding is not material and has therefore not been disclosed separately.

On 15 August 2022, the Group established a new international holding company, Ceres Holdings International Ltd. This company is a 100% owned subsidiary of Ceres Power Intermediate Holdings Ltd and is currently dormant.

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

13. Inventories

Inventories consist of raw materials, work in progress and finished goods.

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct material cost and, where applicable, direct labour costs and direct overheads that have been incurred. Cost is calculated using the first-in, first-out ("FIFO") method. Net realisable value represents the estimated selling price less all estimated costs to completion and selling costs to be incurred.

	31 Dec 2024 £'000	31 Dec 2023 £'000
Raw materials	**1,621**	1,648
Work in progress	**759**	787
Finished goods	**376**	390
	2,756	2,825

During the year ended 31 December 2024, inventories of £7.1 million (31 December 2023: £4.6 million) were recognised as an expense and were included within cost of sales. As at 31 December 2024, a provision of £0.1 million was recognised against quarantined stacks (2023: £nil).

14. Trade and other receivables

Trade and other receivables

Trade receivables are recognised initially at transaction price and subsequently held at amortised cost using the effective interest method, less loss allowances. Loss allowances are calculated using the simplified approach to determine expected credit losses, taking into account both historical payment profiles and any credit losses experienced, together with forward-looking macroeconomic factors. The carrying amount of these balances approximates to fair value due to the short maturity of amounts receivable. Payment terms generally range between 30 and 60 days depending on the customer.

Although the Group's past experience of significant credit losses on these assets has been negligible, the impairment assessment performed by the Group considers both past experience and future expectations of credit losses. As a result of this assessment, the Group considers the risk of expected credit losses on trade receivables and contract assets to be immaterial. Further details on this assessment are provided in Note 19.

	31 Dec 2024 £'000	31 Dec 2023 £'000
Current:		
Trade receivables	**9,872**	3,422
VAT receivable	**1,120**	2,273
RDEC receivable	**6,790**	4,008
Other receivables	**103**	172
	17,885	9,876
Non-current:		
Other receivables	**741**	741

The RDEC receivable is a receivable from the UK Government for the Group's 2023 and 2024 RDEC claim. Of the amount outstanding as at 31 December 2024, £3,486,000 was received in January 2025.

Non-current other receivables comprise rent deposit guarantees held by landlords in respect of the Group's leased properties. There is no material difference between the fair value of trade and other receivables and their carrying values and they are not materially overdue at the year-end. There are no expected credit losses recognised during the year ended 31 December 2024 (31 December 2023: £nil). The carrying amounts of the Group's trade and other receivables are primarily denominated in pounds sterling, euros and US dollars (as set out in Note 19).

15. Other current assets

	31 Dec 2024 £'000	31 Dec 2023 £'000
Current:		
Prepayments	**1,430**	1,193
	1,430	1,193

16. Cash, cash equivalents and investments

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, pooled money market funds and short-term deposits with an original maturity of less than or equal to one month.

Short-term investments

Short-term investments include bank deposits with an original maturity greater than one month and a maturity as at the date of the Consolidated Statement of Financial Position of less than or equal to 12 months.

	31 Dec 2024 £'000	31 Dec 2023 £'000
Cash at bank and in hand	**10,338**	7,063
Money market funds	**37,156**	42,644
Cash and cash equivalents	**47,494**	49,707
Short-term bank deposits greater than one month and less than 12 months	**54,971**	90,249
	102,465	139,956

The Group holds surplus funds in accordance with the Treasury Policy, as set out in Note 19.

	Interest rate type	**31 Dec 2024 £'000**	31 Dec 2023 £'000
Interest rate risk profile of the Group's financial assets:			
Cash at bank and in hand	Floating	**10,338**	7,063
Money market funds	Floating	**37,156**	42,644
Short-term bank deposits greater than one month and less than or equal to 12 months	Floating	**22,635**	20,000
Short-term bank deposits greater than one month and less than or equal to 12 months	Fixed	**32,336**	70,249
		102,465	139,956

During the year ended 31 December 2024 the fixed rate short-term bank deposits were primarily designated in pounds sterling, had remaining terms of between one month and two months (31 December 2023: three days and five months) and earned interest of between 4.60% and 4.99% (31 December 2023: 2.30% and 5.94%). The short-term bank deposit of CNH71 million (c.£8 million) matured during the year. The credit quality of financial assets has been assessed by reference to external credit ratings.

17. Trade and other payables

Trade and other payables are initially recognised at fair value, which is typically the invoiced amount and then held at amortised cost. Other payables include taxes and social security amounts due on behalf of the Group's employees.

	31 Dec 2024 £'000	31 Dec 2023 £'000
Current:		
Trade payables	**2,007**	3,624
Other payables	**1,531**	1,359
	3,538	4,983

18. Other liabilities

	31 Dec 2024 £'000	31 Dec 2023 £'000
Current:		
Accruals	**6,581**	5,933
Deferred income	**244**	368
	6,825	6,301
Non-current:		
Deferred income	**1,221**	1,360

Accruals include estimates of amounts owed to suppliers that have not been invoiced at the year end, and to the Group's employees for various employee-related payments. Deferred income consists of grant income and RDEC tax credits deferred in relation to associated development costs which have been capitalised as an intangible asset. Grant income is recognised in the Consolidated Statement of Profit and Loss in the same period as the expenditure to which the grant relates.

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for the year ended 31 December 2024

19. Financial instruments

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group uses forward contracts, and in limited circumstances options, to hedge against foreign currency-denominated income and expenditure commitments. The use of financial derivatives is governed by the Group's Treasury Policy, as approved by the Board. The Group does not use derivative financial instruments for speculative purposes. Details of financial instruments are shown later in this note.

Derivative financial instruments are recognised at fair value. The gains or losses on re-measurement to fair value are recognised immediately in the Consolidated Statement of Profit and Loss as they arise and are shown in Note 3.

The Group only uses derivative financial instruments to hedge foreign currency exposures which arise from an underlying current or anticipated business requirement. The Group does not currently apply hedge accounting to any derivatives in place, and derivatives are treated at fair value through P&L. The Group does not currently use derivative instruments to manage its interest rate risk. The Group does not trade in financial instruments.

Fair values of financial assets and financial liabilities

There is no material difference between the fair value and the carrying value of the Group's financial assets and financial liabilities. Carrying value approximates to fair value because of the short maturity periods of these financial instruments.

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of currency options is estimated using the Black–Scholes pricing model based on the strike price with reference to the future exchange rate, spot rate and risk-free interest rate. Forward exchange contracts and options are included in the Level 2 classification.

Other than the forward contracts and options noted below, none of the Group's assets and liabilities were measured at fair value at 31 December 2024 (31 December 2023: none).

The fair values of all financial assets and financial liabilities by class, together with their carrying amounts shown in the balance sheet, are as follows:

	Fair value hierarchy	**Carrying amount 31 Dec 2024 £'000**	**Fair value 31 Dec 2024 £'000**	Carrying amount 31 Dec 2023 £'000	Fair value 31 Dec 2023 £'000
Financial assets at amortised cost					
Trade and other receivables		**9,975**	**9,975**	3,594	3,594
Cash, cash equivalents and investments		**102,465**	**102,465**	139,956	139,956
		112,440	**112,440**	143,550	143,550
Financial assets measured at fair value through profit or loss					
Forward exchange contracts	Level 2	**8**	**8**	1	1
Currency swap contract	Level 2	**—**	**—**	7	7
		8	**8**	8	8
Financial liabilities measured at amortised cost					
Trade and other payables and accruals		**(9,407)**	**(9,407)**	(10,563)	(10,563)
Financial liabilities measured at fair value through profit or loss					
Forward exchange contracts	Level 2	**—**	**—**	(99)	(99)

Capital management

The Group's capital is considered to comprise cash at bank and short-term investments as set out in Note 16. The Group's approach to managing its capital is described in the "credit risk" section below.

19. Financial instruments continued

Financial risk management

The Group's operations expose it to a variety of financial risks that include credit risk and market risk arising from changes to interest rates and foreign currency exchange rates. The Board reviews and agrees policies for managing each of these risks.

The principal risks addressed are as follows:

Credit risk

The Group's exposure to credit risk arises from holdings of cash, cash equivalents and investments, and if a counterparty or customer fails to meet its contractual obligations.

The Group's primary objective to manage credit risk from its holdings of cash, cash equivalents and investments is to minimise the risk of a loss of capital and eliminate loss of liquidity having a detrimental effect on the business. The Group places surplus funds of no more than £30 million per institution into pooled money market funds with same-day access and of no more than £12 million per institution for bank deposits with durations of up to 24 months. During the year the Group's Treasury Policy restricted investments in short-term money market funds to those which carry short-term credit ratings of at least two of AAAm (Standard & Poor's), Aaa-mf (Moody's) and AAAmmf (Fitch) and deposits with banks with minimum long-term rating of A-/A3/A and short-term rating of A-2/P-2/F-1 for banks in which the UK Government holds less than 10% ordinary equity.

Trade receivables at the year end relate to seven customers (31 December 2023: three) of which £443,000 relates to the Europe geographic region, £280,000 relates to the US and £9,149,000 to Asia (31 December 2023: £194,000 relates to the Europe geographic region and £3,228,000 to Asia).

Contract assets at the year end related to four customers of which £138,000 relates to the Europe geographic region and £7,195,000 to Asia (31 December 2023: related to one customer of which £1,575,000 relates to the Europe geographic region).

The Group's customers are generally large multinational companies or research institutions and are consequentially not considered to add significantly to the Group's credit risk exposure. All trade receivables are due within the agreed credit terms for the current and preceding year and are consequently stated at cost.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other contract assets (primarily unbilled work in progress).

To measure expected credit losses, trade receivables and other contract assets are analysed based on their credit risk characteristics including days past due and the specific payment profile of the customer to determine a suitable historical loss rate. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors that the Group considers could affect the ability of its customers to settle the receivables.

The Group has followed this approach as at 31 December 2024 and as a result has not recognised a loss allowance for trade receivables or other contract assets (31 December 2023: no loss allowance). Management does not consider that a reasonably possible change in the estimation of expected credit losses would have a material impact on the results of the following year.

Interest rate risk

Interest rate risk on the Group's liabilities is minimal.

The Group's finance income is sensitive to changes in interest rates. A change of 0.5% in interest rates on all variable rate instruments held by the Group at 31 December 2024 would have impacted the finance income by £308,000 (31 December 2023: £348,000).

The increase in sensitivity to interest rate changes is driven by the increase mix of variable rate cash, cash equivalents and investments held at the balance sheet date when compared with 31 December 2023. Interest rate risk is mitigated by investing in deposit accounts of different durations ranging from 32 days to up to 24 months and by utilising deposit accounts with fixed interest rates.

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

19. Financial instruments continued

Liquidity risk

Liquidity risk is the risk arising from the Group not being able to meet its financial obligations. The Group manages its liquidity needs by preparing cash flow forecasts, including forecasting of the Group's liquidity requirements, to ensure the Group has sufficient cash to meet its operational needs.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	31 December 2024						31 December 2023					
	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	>5 years £'000	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	>5 years £'000
Non-derivative financial liabilities												
Trade and other payables and accruals	**(9,407)**	**(9,407)**	**(9,407)**	**—**	**—**	**—**	(10,563)	(10,563)	(10,563)	—	—	—
Lease liabilities	**(2,223)**	**(2,590)**	**(1,027)**	**(812)**	**(751)**	**—**	(2,596)	(3,038)	(887)	(883)	(1,268)	—
Derivative financial liabilities												
Forward exchange contracts:												
(Outflow)	**(827)**	**(827)**	**—**	**—**	**—**	**—**	(2,337)	(2,239)	(2,239)	—	—	—
Inflow	**848**	**848**	**—**	**—**	**—**	**—**	—	—	—	—	—	—
Currency swap contracts:												
(Outflow)	**—**	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	—
Inflow	**—**	**—**	**—**	**—**	**—**	**—**	1,767	1,760	1,760	—	—	—

Foreign currency exposures

The Group's primary transaction currency is pound sterling. Exposures to foreign currency-denominated contracted receivables and commitments arise from the Group's overseas sales and purchases, which are primarily denominated in euros, US dollars, Canadian dollars and Japanese yen. During the year ended 31 December 2020, the Group entered into a fixed term deposit denominated in Chinese renminbi, to fund the expected initial investment of CNH71 million (c.£8 million) in the proposed collaboration with Weichai Power Co. Ltd. This deposit matured in 2024 (Note 16).

The Group seeks to mitigate its foreign currency exposure by entering into forward currency exchange contracts, and in limited circumstances, currency options in accordance with the Group's Treasury Policy. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward currency exchange contracts and options are primarily entered into for significant foreign currency exposures that are not expected to be offset by other currency transactions. The Group's objectives and policies are largely unchanged in the reporting periods under review.

Forward exchange contracts include forward currency contracts to sell €1.0 million in total and buy US dollars over the next 12 months and considering the impact of foreign exchange, the carrying value of derivative financial instruments asset (net) at the year end is £8,000 (2023: liability of £91,000).

19. Financial instruments continued

Foreign currency exposures continued

The table below shows the extent to which the Group has monetary assets and liabilities in currencies other than pounds sterling. Foreign exchange differences arising on the retranslation of these monetary assets and liabilities are taken to the Consolidated Statement of Profit and Loss.

31 December 2024	**Euro £'000**	**US dollar £'000**	**Canadian dollar £'000**	**Japanese yen £'000**	**Chinese renminbi £'000**	**Other £'000**
Exposures to foreign currency risk:						
Cash and cash equivalents	**2,268**	**2,910**	**171**	**52**	**167**	**5**
Trade and other receivables	**425**	**280**	—	—	—	—
Other current assets	—	—	—	—	**21**	—
Trade payables and payments on account	**(155)**	**(139)**	—	—	—	—
Other current liabilities	—	—	—	—	**(11)**	—
Forward currency contracts – (outflow)/inflow	**(827)**	**848**	—	—	—	—
Balance sheet exposure	**1,711**	**3,899**	**171**	**52**	**177**	**5**

31 December 2023	Euro £'000	US dollar £'000	Canadian dollar £'000	Japanese yen £'000	Chinese renminbi £'000	Other £'000
Exposures to foreign currency risk:						
Cash and cash equivalents	1,383	1,332	164	127	136	22
Fixed term bank deposits	—	—	—	—	7,750	—
Trade and other receivables	—	1	—	—	2	—
Other current assets	—	—	—	—	24	—
Trade payables and payments on account	(276)	(450)	(2)	—	—	(7)
Other current liabilities	—	—	—	—	(56)	—
Forward currency contracts – (outflow)/inflow	(2,000)	2,500	300	—	—	—
Balance sheet exposure	(893)	3,383	462	127	7,856	15

A 10% weakening of the following currencies against pound sterling at 31 December 2024 (or 31 December 2023) would have resulted in a profit or loss charge to the Consolidated Statement of Profit and Loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

19. Financial instruments continued

Foreign currency exposures continued

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for the comparative period.

	Profit or (loss)	
	2024 £'000	2023 £'000
Euro	**(171)**	89
US dollar	**(390)**	(338)
Canadian dollar	**(17)**	(46)
Japanese yen	**(5)**	(13)
Chinese renminbi	**(18)**	(785)
Other	**(1)**	(1)

A 10% strengthening of the above currencies against pound sterling at 31 December 2024 (or 31 December 2023) would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

20. Lease liabilities

The Group leases certain assets under lease agreements. The lease liability consists of leases of land and buildings and computer equipment. The property leases expire between June 2026 and November 2028. Full details of the accounting policy under which leases are recognised are in Note 10.

	£'000
Balance as at 1 January 2023	3,124
New finance leases recognised	66
Lease payments	(906)
Interest expense	248
Adjustment of lease term (see Note 10)	64
Balance as at 31 December 2023	2,596
New finance leases recognised	290
Lease payments	(1,017)
Interest expense	243
Adjustment of lease term (see Note 10)	111
Balance as at 31 December 2024	**2,223**
Current	731
Non-current	1,492
Balance as at 31 December 2024	**2,223**
Current	694
Non-current	1,902
Balance as at 31 December 2023	**2,596**

Lease liability contractual maturities (representing undiscounted contractual cash flows) are set out in Note 19.

21. Provisions and contingent liabilities

Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation where relevant.

Contingent liabilities

Contingent liabilities are disclosed where the likelihood of payment of potential future cash outflows is considered more than remote, but is not considered probable or cannot be measured reliably.

Property dilapidations

Provisions have been made for future dilapidation costs on the leased properties. This provision is the Directors' best estimate as the actual costs and timing of future cash flows are dependent on future events and are updated periodically. The estimate is supported by advice received from professional advisers. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

Warranties

As at the year end, only a small proportion of technology hardware supplied or sold to customers was provided with contractual warranties. The warranty provision is recognised in accordance with IAS 37 as the majority of technology hardware supplied or sold to customers has been provided without contractual warranties and there is no option to acquire a warranty separately. Where a constructive obligation is considered to have been created through an expectation or past practice, a provision for the associated costs of future claims has been included at the year end. The Group recognises a provision for both contractual and constructive obligation warranties when the underlying products and services are sold. The provision is based on the past performance of the technology hardware, management's knowledge, customer expectations and a weighting of possible outcomes against their associated probabilities. Where warranty obligations are not considered to be probable, they are not provided for but instead are disclosed as contingent liabilities unless remote.

Contract losses

The Group holds provisions for expected contractual costs that it expects to incur over the life of the contract. Management exercises judgement to determine the value of the costs to be incurred and the amount of the provision to be made. Each provision is considered separately and the amount provided reflects the best estimate of the most likely amount to be incurred. Provision is made when the contractual or constructive obligation occurs. The provision is used to offset the costs incurred in delivering the onerous contracts.

The movement in provisions charged to the Consolidated Statement of Profit and Loss for the year ended 31 December 2024 is set out below along with the value of provisions at 31 December 2023:

	Property dilapidations £'000	Warranties £'000	Contract losses £'000	Total £'000
At 1 January 2023	2,105	875	54	3,034
Movements in the Consolidated Statement of Profit and Loss:				
Unwinding of discount	89	—	—	89
Unused provision reversed	—	(553)	(10)	(563)
Increase in provision	88	281	—	369
At 31 December 2023	2,282	603	44	2,929
Movements in the Consolidated Statement of Profit and Loss:				
Unwinding of discount	40	—	—	40
Unused provision reversed	—	(206)	—	(206)
Increase in provision	18	—	—	18
At 31 December 2024	**2,340**	**397**	**44**	**2,781**
Current	—	397	44	441
Non-current	2,340	—	—	2,340
At 31 December 2024	**2,340**	**397**	**44**	**2,781**
Current	—	603	44	647
Non-current	2,282	—	—	2,282
At 31 December 2023	2,282	603	44	2,929

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

21. Provisions and contingent liabilities continued

Contract losses continued

The dilapidation provision at 31 December 2024 represents the present value of costs to be incurred in making good the Group's leasehold properties at the break points of the leases in approximately two to three years' time. The main uncertainty relates to estimating the cost that will be incurred at the end of the respective leases. A revaluation of the property dilapidation was performed by a specialist for the year ended 31 December 2024.

The warranty provision at the year end is primarily the result of a constructive obligation and reflects the Directors' best estimate of the cost required to fulfil these obligations with respect to a number of the Group's customer contracts. Subsequent to their initial recognition, warranty provisions are utilised or released over the periods of the various warranty obligations, which are expected to be less than two years. There are several areas of uncertainty supporting the provision, including determining the amount of technology hardware that may require repairing or replacing and respective timing as manufacturing costs are expected to reduce over time. In addition, as most of the Group's warranty provisions relate to constructive rather than contractual obligation and there is limited history of warranty claims with the Group's current customers, any final warranty obligation will be subject to negotiation with the respective customer. The calculation of the warranty provision is subject to certain estimates, as set out in Note 1.

During the year, following the introduction of our new generation of solid oxide hardware sold to customers for the first time and therefore new data around stack failure and degradation rates, £0.7 million further provision was recognised.

As at 31 December 2024, the contract loss provision relates to one contract for the provision of technology hardware. The provision relates to an onerous contractual obligation to reimburse our customer to remove installed fuel cell systems from end user properties and to return them to us.

22. Share capital

	31 Dec 2024 £'000		31 Dec 2023 £'000	
	Number of £0.10 ordinary shares	**£'000**	Number of £0.10 ordinary shares	£'000
Allotted and fully paid				
At 1 January	**192,968,096**	**19,297**	192,086,775	19,209
Allotted £0.10 Ordinary shares on exercise of employee share options	**731,284**	**73**	881,321	88
At 31 December	**193,699,380**	**19,370**	192,968,096	19,297

During the year ended 31 December 2024, 731,284 ordinary £0.10 shares were allotted for cash consideration of £538,913 on the exercise of employee share options (year ended 31 December 2023: 881,321 ordinary £0.10 shares were allotted for cash consideration of £799,684) (see Note 24).

23. Reserves

The Consolidated Statement of Financial Position includes a merger reserve and a capital redemption reserve. The merger reserve represents a reserve arising on consolidation using book value accounting for the acquisition of Ceres Power Limited at 1 July 2004. The reserve represents the difference between the book value and the nominal value of the shares issued by the Company to acquire Ceres Power Limited. The capital redemption reserve was created in the year ended 30 June 2014 when 86,215,662 deferred ordinary shares of £0.04 each were cancelled.

24. Share options

Share-based payments

The Group has a number of employee and executive share option and award schemes under which it makes equity-settled share-based payments.

The fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using option valuation models, taking into account the terms and conditions upon which the awards were granted. The fair value of the share-based payment, determined at the grant date, is measured to reflect vesting conditions and for market-related vesting conditions there is no true-up for differences between expected and actual outcomes. Expected volatility was determined by calculating the historical volatility of the Company's shares over a period consistent with the expected term of the options.

Where the parent Company grants options over its own shares to the employees of the Group, these are accounted for as equity-settled in the consolidated accounts of the Group.

The total charge recognised in the year ended 31 December 2024 relating to employee share-based payments was £964,000 (2023: £67,000).

The Company has a number of share option schemes and savings-related share option plans for its employees and a separate historical scheme for Executive Directors.

	2024 £'000	2023 £'000
a) 2004 Employees' share option scheme	**—**	—
b) Sharesave schemes	**(159)**	148
c) Long Term Incentive Plan ("LTIP")	**1,123**	(81)
	964	67

24. Share options continued

Share-based payments continued

a) 2004 Employees' share option scheme

In previous years, the Company issued share options under this scheme for Directors and employees, under which approved and unapproved share options were granted. The Company adopted the "Ceres Power Holdings Ltd 2004 Employees' share option scheme" at the time of listing in November 2004.

Under this scheme, Directors and employees hold options to subscribe for £0.10 ordinary shares in Ceres Power Holdings plc at prices ranging from £0.10 to the closing mid-market price on the day preceding the share option grant. All options are equity-settled. The vesting period for all options is generally between three and six years. If the options remain unexercised after a period of ten years from the date of the grant, the options expire. Options are forfeited if the employee chooses to leave the Group before the options vest.

Movements in the total number of share options outstanding and their relative weighted average exercise price are as follows:

	2024 £'000		2023 £'000	
	Number ('000)	**Weighted average exercise price**	Number ('000)	Weighted average exercise price
Outstanding at 1 January	**633**	**£0.84**	982	£0.84
Exercised	**(631)**	**£0.84**	(222)	£0.84
Lapsed	**(2)**	**£0.85**	(127)	£0.85
Outstanding at 31 December	**—**	**—**	633	£0.84
Exercisable	**—**	**—**	633	£0.84

The weighted average share price on the exercise date of options was £1.94 (2023: £3.35).

The range of exercise prices for options outstanding at the end of the year is as follows:

	2024 £'000		2023 £'000	
Expiry date – 31 December	**Number ('000)**	**Weighted average exercise price**	Number ('000)	Weighted average exercise price
2024	—	—	615	£0.84
2025	—	—	4	£0.90
2026	—	—	14	£0.55

There are no options outstanding at the end of the year and therefore they have no weighted average contractual life remaining (31 December 2023: 0.63 years).

In 2014 and 2016, certain option-holders under the 2004 share option scheme were awarded Employee Shareholder Status ("ESS") shares in the Company's subsidiary, Ceres Power Intermediate Holdings Ltd. The ESS shares were granted as a modification to the unexercised 2004 Employees' share scheme options providing the relevant employees with additional exercise rights. The issue of the ESS shares has not changed the vesting period or exercise price of the unexercised 2004 Employees' share scheme options granted. The total fair value charge of these options remains unchanged and the gross benefit received cannot exceed the gain realisable under the original share options and it cannot be received at an earlier time. Shares granted in Ceres Power Intermediate Holdings Ltd under the ESS scheme have minimal rights attached to them.

b) Sharesave scheme

During 2019 a new HMRC-approved savings-related share option scheme was implemented, under which employees save on a monthly basis, over a three-year period, towards the purchase of shares at a fixed price determined when the option is granted. This price is set at a 20% discount to the market price. The options must be exercised within six months of maturity of the savings contract, otherwise they lapse.

Movements in the total number of share options outstanding and their relative weighted average exercise price are as follows:

	2024 £'000		2023 £'000	
	Number ('000)	**Weighted average exercise price**	Number ('000)	Weighted average exercise price
Outstanding at 1 January	**850**	**£3.52**	673	£4.36
Granted	**3,284**	**£1.07**	893	£3.13
Exercised	**—**	**—**	(300)	£1.95
Lapsed/cancelled	**(1,134)**	**£2.65**	(416)	£5.82
Outstanding at 31 December	**3,000**	**£1.16**	850	£3.52
Exercisable	**—**	**—**	—	—

There were no sharesave scheme exercises and therefore the weighted average share price on the exercise date of options was £nil (2023: £4.02).

The weighted average fair value of options granted in the year was £1.05 (2023: £1.70).

The expiry dates of options outstanding at the end of the year are as follows:

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

24. Share options continued

Share-based payments continued

b) Sharesave scheme continued

	2024 £'000		2023 £'000	
Expiry date – 31 December	Number ('000)	Weighted average exercise price	Number ('000)	Weighted average exercise price
2024	—	—	17	£9.83
2025	**33**	**£4.27**	83	£5.96
2026	**88**	**£3.13**	750	£3.13
2027	**2,879**	**£1.07**	—	—

The options outstanding at the end of the year have a weighted average contractual life of 2.86 years (2023: 2.78 years).

c) LTIP

During 2016 a Long Term Incentive Plan ("LTIP") was implemented by the Remuneration and Nomination Committee. Participation in the LTIP is at the invitation of the Committee and is intended to be used to incentivise the performance and retention of the Company's Executives and certain key employees.

The maximum awards for all participants are determined by the Remuneration and Nomination Committee with appropriate input from independent advisers. Performance is based on achieving targets. Targets are major milestones which are aligned to the Group's strategic plan and also a sliding scale of Total Shareholder Return ("TSR"), which is measured over a period of three years with an additional holding period of two years for Executives. Malus and clawback conditions apply.

Movements in the total number of share options outstanding and their relative weighted average exercise price are as follows:

	2024 £'000		2023 £'000	
	Number ('000)	Weighted average exercise price	Number ('000)	Weighted average exercise price
Outstanding at 1 January	**4,490**	**£0.10**	3,997	£0.10
Granted	**4,672**	**£0.10**	1,522	£0.10
Exercised	**(101)**	**£0.10**	(267)	£0.10
Lapsed	**(1,575)**	**£0.10**	(762)	£0.10
Outstanding at 31 December	**7,486**	**£0.10**	4,490	£0.10
Exercisable	**2,044**	**£0.10**	2,155	£0.10

The weighted average fair value of options granted in the year ending 31 December 2024 was £2.05 (2023: £3.38).

The weighted average share price on the exercise date of options was £2.59 (2023: £3.28).

The expiry dates of options outstanding at the end of the year are as follows:

	2024 £'000		2023 £'000	
Expiry date – 31 December	Number ('000)	Weighted average exercise price	Number ('000)	Weighted average exercise price
2026	**829**	**£0.10**	829	£0.10
2027	**279**	**£0.10**	279	£0.10
2028	**490**	**£0.10**	543	£0.10
2029	**445**	**£0.10**	504	£0.10
2030	**—**	**—**	—	—
2031	**—**	**—**	—	—
2032	**283**	**£0.10**	850	£0.10
2033	**1,186**	**£0.10**	1,485	£0.10
2034	**3,974**	**£0.10**	—	—

The options outstanding at the end of the year have a weighted average contractual life of 7.43 years (2023: 6.61 years).

Assumptions

The fair values of the 2004 and Sharesave schemes were measured by use of the Black–Scholes pricing model. The inputs to the Black–Scholes model were as follows:

Grant date	Sharesave scheme 2024 10 May 2024	Sharesave scheme 2023 28 April 2023	Sharesave scheme 2022 27 April 2022
Share price at date of grant (£)	**1.332**	3.494	7.450
Exercise price (£)	**1.066**	3.128	5.960
Expected volatility (%)	**70%**	69%	53%
Expected option life (years)	**3.25 years**	3.25 years	3.25 years
Average risk-free interest rate (%)	**4.15%**	3.61%	1.00%
Expected dividend yield	**Nil**	Nil	Nil

The exercise prices of options are stated above. The expected life of the options is based on the best estimate of the average number of years expected from grant to exercise. The expected volatility is based on historical volatility of the Company's shares since the Company restructured in 2012. The risk-free rate of return is management's estimate of the yield on zero-coupon UK Government bonds of a term consistent with the expected option life. The fair values of the LTIP schemes were measured using a binomial pricing model and Monte Carlo simulation model.

24. Share options continued

Assumptions continued

The inputs to the Monte Carlo simulation model were as follows:

Grant date	**LTIP 2024 28 May 2024**	LTIP 2023 23 March 2023	LTIP 2022 23 March 2022
Share price at date of grant (£)	**2.152**	3.91	7.40
Exercise price (£)	**0.1**	0.1	0.1
Expected volatility (%)	**75%**	69%	64%
Expected option life (years)	**Up to 7 years**	Up to 7 years	Up to 7 years
Average risk-free interest rate (%)	**4.31%**	3.61%	1.46%
Expected dividend yield	**Nil**	Nil	Nil

25. Events after the balance sheet date

In February 2025, Bosch took the strategic decision to cease its development on SOFC cell and stacks for manufacture. Bosch stated that this decision is part of broader revised strategic direction and does not reflect Bosch's confidence in Ceres or our technology. Clearly we are disappointed that Bosch will discontinue its SOFC operations, but the impact on revenues will only be in the low single digit millions of euros for 2025.

26. Capital commitments

Capital expenditure that has been contracted for but has not been provided for in the consolidated financial statements amounts to £725,000 as at 31 December 2024 (31 December 2023: £5,671,000). The reduction reflects the progress made during the year with the Group's planned test expansion and the successful implementation of the second generation platform and associated assets. £2,600,000 worth of commitments have been removed as work is no longer expected to be completed.

27. Related party transactions

As at 31 December 2024 the Group's related parties were its Directors and RFC Power Ltd. Information around key management compensation is set out in Note 5.

Major shareholders have been considered in the Directors' Report and it was concluded that they do not meet the definition of a related party in line with IAS 24 'Related Party Disclosures'.

During the year ended 31 December 2024 one Director exercised 380,424 share options under the Ceres Power Holdings plc 2004 Employees' Share Option Scheme. The Director sold 282,077 shares and retained 98,347 shares.

During the year ended 31 December 2023 two Directors sold 141,313 2004 Employee Shareholder Status (ESS) shares in Ceres Power Intermediate Holdings Ltd and received 92,864 Ceres Power Holdings plc shares in consideration in addition to the linked ESS options.

Transactions between the Group and RFC Power Ltd, being an associated entity of the Group, comprised engineering consultancy services provided by the Group to RFC Power for the value of £0.4 million (31 December 2023: £0.6 million) in return for equity share capital as described in Note 12.

28. Non-cash movements reconciliation for consolidated statement of cash flows

	Fixed assets	Short-term investments
At 1 January 2024	25,882	90,249
Accruals	725	5,807
Depreciation	(7,472)	—
Finance income received	—	(8,469)
Cash flows	4,449	(32,616)
At 31 December 2024	**23,584**	**54,971**

Movement in trade and other receivables and other current assets in operating activities includes a non-cash adjustment in relation to Group's share of loss from the associate (see Note 12).

Company balance sheet

as at 31 December 2024

	Note	As at 31 Dec 2024 £'000	As at 31 Dec 2023 £'000
Fixed assets			
Investments	3	**385,221**	383,718
Current assets			
Debtors: amounts falling due within one year	4	**3,210**	2,354
Cash at bank and in hand	5	**700**	239
		3,910	2,593
Creditors: amounts falling due within one year	6	**(9,358)**	(1,114)
Net current (liabilities)/assets		**(5,448)**	1,479
Net assets		**379,773**	385,197
Capital and reserves			
Called-up share capital	8	**19,370**	19,297
Share premium		**406,650**	406,184
Capital redemption reserve	9	**3,449**	3,449
Profit and loss account		**(49,696)**	(43,733)
Shareholders' funds		**379,773**	385,197

The Company made a loss after taxation of £6.9 million in the year (2023: £2.8 million).

The notes on pages 134 to 137 are an integral part of these Company financial statements.

The financial statements on pages 132 to 133 were approved by the Board of Directors on 20 March 2025 and were signed on its behalf by:

Phil Caldwell
Chief Executive Officer

Stuart Paynter
Chief Financial Officer

Ceres Power Holdings plc
Registered Number: 5174075

Company statement of changes in equity

for the year ended 31 December 2024

	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2023		19,209	405,463	3,449	(40,998)	387,123
Loss for the financial year		—	—	—	(2,802)	(2,802)
Total comprehensive loss		—	—	—	(2,802)	(2,802)
Transactions with owners						
Issue of shares, net of costs		88	721	—	—	809
Share-based payments charge	8	—	—	—	67	67
Total transactions with owners	8	88	721	—	67	876
At 31 December 2023		19,297	406,184	3,449	(43,733)	385,197
Loss for the financial year		**—**	**—**	**—**	**(6,927)**	**(6,927)**
Total comprehensive loss		**—**	**—**	**—**	**(6,927)**	**(6,927)**
Transactions with owners						
Issue of shares, net of costs	8	**73**	**466**	**—**	**—**	**539**
Share-based payments charge	8	**—**	**—**	**—**	**964**	**964**
Total transactions with owners		**73**	**466**	**—**	**964**	**1,503**
At 31 December 2024		**19,370**	**406,650**	**3,449**	**(49,696)**	**379,773**

The notes on pages 134 to 137 are an integral part of these Company financial statements.

Notes to the Company financial statements

1. Accounting policies used in the preparation of the financial statements

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-based Payments in respect of Group-settled, share-based payment; and
- IFRS 7 Financial Instruments Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the historical cost basis.

Critical accounting judgements and estimates

The preparation of financial statements under FRS 101 requires the Company's management to make judgements and estimates that affect the reported amounts of assets, liabilities, revenues and costs. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The judgements that are considered to have the most significant impact on the Company's assets and liabilities are set out below:

The review of amounts owed by Group undertakings involved judgement when determining the credit risk of fellow Group undertakings and their ability to repay loans. As at 31 December 2024, management determined that Ceres Power Limited remains unable to repay any amounts in excess of the carrying value of the loan and therefore the historical provision of £59.3 million (2023: £59.3 million) was maintained.

Management review the Company's investments to determine whether an indicator of impairment exists at each reporting date. If it does, estimation is required to be used when evaluating the carrying value of investments against their value in use. The value in use is estimated using a discounted cash flow valuation. The basis for the projected cash flows is the Group's business plan, which is prepared by management. As at 31 December 2024, this review resulted in management determining that the value in use continues to be significantly in excess of its carrying value, and no impairment is therefore required, nor is this considered to be a significant estimate.

2. Loss for the year

The Company has taken advantage of the exemption available under Section 408 of the Companies Act 2006 and has not presented its profit and loss account. The Company's result for the year ended 31 December 2024 was a loss of £6.9 million (31 December 2023: loss of £2.8 million), which is stated after charging £127,000 (2023: £68,000) for remuneration receivable by the Company's auditor for the auditing of the financial statements and £31,000 (2023: £30,000) in relation to the review of the interim financial information.

3. Fixed asset investments

Investments in equity securities

Fixed asset investments in subsidiaries are carried at cost less impairment.

Share-based payments

The Group in which the Company is associated has a number of employee and executive share option and award schemes under which it makes equity-settled, share-based payments.

The fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted are measured using option valuation models, taking into account the terms and conditions upon which the awards were granted. The fair value of the share-based payment, determined at the grant date, is measured to reflect vesting and non-vesting conditions and there is no true-up for differences between expected and actual outcomes.

Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises an increase in the cost of investment in its subsidiaries with the corresponding credit being recognised directly in equity.

3. Fixed asset investments continued

Impairment of fixed asset investments

Investments are stated at cost and reviewed for impairment if there are indicators that the carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by continuing to hold the asset and benefiting from the net present value of the future cash flows of the investment. The recoverable value was calculated using a present value calculation. No reasonably plausible change in assumptions would result in an impairment.

Investment in Group undertakings

	31 Dec 2024 £'000	31 Dec 2023 £'000
Cost		
At 1 January	**383,718**	382,880
Capital contributions arising from share-based payment charge	**1,503**	828
Additional investment in shares of Ceres Power Intermediate Holdings Ltd	**—**	10
At 31 December	**385,221**	383,718

The Directors have reviewed the investment in its subsidiary for indicators of impairment at the year end, including considering the progress of technical development, funds held and the positive performance of the Group, as well as the Group's market capitalisation. Accordingly, an indicator of impairment was identified with the Group's market capitalisation being lower than the carrying value of the investments as at 31 December 2024. A detailed impairment test was performed and as a result the Directors continue to believe that the recoverable value of the investment exceeds its carrying value.

The Company's investments comprise interests in the following entities:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of shares held by the Company	Type of entity
Ceres Power Ltd	England and Wales	£0.001 ordinary shares	100%[1]	Subsidiary
Ceres Intellectual Property Company Ltd	England and Wales	£1.00 ordinary shares	100%[1]	Subsidiary
Ceres Power Licence Company Ltd	England and Wales	£1.00 ordinary shares	100%[1]	Subsidiary
Ceres Power Intermediate Holdings Ltd	England and Wales	£0.01 ordinary shares	100%[1]	Subsidiary
Ceres Holdings International Ltd	England and Wales	£1.00 ordinary shares	100%[1]	Subsidiary
Ceres Engineering Consulting (Shanghai) Co Ltd	Shanghai, China	£1.00 ordinary shares	100%[2]	Subsidiary
RFC Power Ltd	England and Wales	£0.001 ordinary shares	24.2%[3]	Associate

1. Ceres Power Ltd, Ceres Intellectual Property Company Ltd, Ceres Holdings International Ltd and Ceres Power Licence Company Ltd are 100% held directly by Ceres Power Intermediate Holdings Ltd. Registered address is Viking House, Foundry Lane, Horsham, West Sussex, RH13 5PX.
2. 100% held directly by Ceres Power Ltd. Registered address is Office 1903i, Floor 19/F, Tower B, No.1065 West Zhongshan Road, Changning District, Shanghai, China.
3. 24.2% held directly by Ceres Power Intermediate Holdings Ltd. Registered address is Imperial College, White City Incubator Translation and Innovation Hub, London, W12 0BZ.

The principal activity of Ceres Power Ltd is the commercialisation and continued development of the Group's fuel cell and electrochemical technology. The principal activity of Ceres Intellectual Property Company Ltd is the administration of registered intellectual property developed within the Group. The principal activity of Ceres Power Intermediate Holdings Ltd is as a holding company to the other Group companies and to manage the Group's cash, cash equivalents and investments. The principal activity of Ceres Power Licence Company Ltd is the provision of overseas licence and royalty services.

Changes in the Company's investments are in Note 12 to the Consolidated financial statements on page 119.

Notes to the Company financial statements continued

4. Debtors: amounts falling due within one year

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Where considered necessary they are subsequently measured at amortised cost using the effective interest method, less any impairment losses. The Company applies the general approach for the impairment review of loans to subsidiaries.

	31 Dec 2024 £'000	31 Dec 2023 £'000
Other debtors	**8**	8
Prepayments and accrued income	**15**	17
Amounts owed by Group undertakings	**3,187**	2,329
	3,210	2,354

The amounts owed by Group undertakings comprise inter-company loans and recharges. No specific repayment or interest terms are associated with these amounts. As of 31 December 2024, a loss allowance of £59,316,000 (31 December 2023: £59,316,000) has been recognised against the inter-company loan to Ceres Power Limited and Ceres Intellectual Property Company, reflecting management's best estimate of the expected credit losses for that balance.

A subordination agreement exists between the Company and Ceres Power Limited. As at 31 December 2024, amounts owed by Ceres Power Limited to the Company of £60,676,000 (31 December 2023: £60,676,000) are subordinated to all other creditors of Ceres Power Limited.

5. Cash at bank and in hand

Cash at bank and in hand comprise cash balances.

6. Creditors: amounts falling due within one year

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Where considered necessary they are subsequently measured at amortised cost using the effective interest method. The amounts owed to Group undertakings comprise inter-company loans and recharges. No specific repayment or interest terms are associated with these amounts.

	31 Dec 2024 £'000	31 Dec 2023 £'000
Other creditors	**936**	895
Accruals	**659**	219
Amounts owed to Group undertakings	**7,763**	—
	9,358	1,114

7. Taxation

Taxation

Tax on the profit or loss for the year comprises current and deferred tax and any adjustment to tax payable in respect of previous years. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred taxation

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Potential deferred tax assets have not been recognised but are set out below:

	31 Dec 2024 £'000	31 Dec 2023 £'000
Tax effect of timing differences because of:		
Short-term timing differences	**—**	(5)
Losses carried forward	**(1,639)**	(1,688)
	(1,639)	(1,693)

The deferred tax assets have not been recognised as the Directors consider that it is not probable that the asset will be realised in the foreseeable future. The gross amount of losses carried forward as at 31 December 2024 was £6.8 million (31 December 2023: £7.0 million), which do not have an expiry date.

8. Called-up share capital

	31 Dec 2024 £'000		31 Dec 2023 £'000	
	Number of £0.10 ordinary shares	**£'000**	Number of £0.10 ordinary shares	£'000
Allotted and fully paid:				
Ordinary shares at 31 December	**193,699,380**	**19,370**	192,968,096	19,297

Details of shares issued in the period are provided in Note 22 to the Group financial statements. Details of share options are disclosed in Note 24 to the Group financial statements.

9. Capital redemption reserve

The capital redemption reserve was created in the year ended 30 June 2014 when 86,215,662 deferred ordinary shares of £0.04 each were cancelled.

10. Employees

The Company has no employees other than the Non-Executive Directors (including the Chair), whose remuneration is set out on page 82.

Directors and advisers

Directors of Ceres Power Holdings plc

- Trine Borum Bojsen (Non-Executive Director)
- Tudor Brown (Non-Executive Director)
- Phil Caldwell (Chief Executive Officer)
- Warren Finegold (Chair)
- Nannan Sun (Non-Executive Director)
- Caroline Brown (Non-Executive Director)
- Karen Bomba (Non-Executive Director)
- Professor Dame Julia King (Non-Executive Director)
- Stuart Paynter (Chief Financial Officer)

Registered number

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Company Secretary

Dominic Murray

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www.ceres.tech

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Glossary

Annual General Meeting (AGM)
AGM is a yearly gathering of our interested shareholders where our executive team present our annual report about Ceres' performance and strategy.

Biofuel
A fuel derived from biomass rather than by the slow geological processes involved in the formation of fossil fuels. Most common biofuels include bio-ethanol (from sugar or starch crops) and biodiesel (from oils and fats).

Carbon dioxide equivalent (CO_2e)
CO_2e is a comparative measure of the global warming potential (GWP) of various greenhouse gases (GHGs) by converting amounts of the mixture of GHGs to the equivalent amount of carbon dioxide (CO_2) with the same warming potential.

GWP accounts for the difference in the effects of GHGs, namely the efficiency at which they absorb energy and how long they stay in the atmosphere. The time period usually used for GWP is 100 years.

Data centre
A physical location that stores computing machines and their related hardware equipment. It contains the computing infrastructure that IT systems require, such as servers, data storage drives, and network equipment. It is the physical facility that stores any company's digital data.

Distributed power generation
Also known as distributed generation (DG) or decentralized energy, is the process of generating electricity close to where it will be used. This is different from centralized power generation, which uses large power plants to supply electricity over long distances.

Diversity equity, belonging and inclusion (DEBI)
Ceres' diversity and inclusion programme.

Decarbonisation
The process of lowering the amount of greenhouse gas emissions (mostly carbon dioxide, CO_2) produced by the burning of fossil fuels from a process.

Efficiency, electrical or thermo
The amount of electricity/heat that is produced by a process for each unit of energy supplied to the process, often expressed as a percentage.

Efficiency, total
The amount of useful energy in any form that a process produces for every unit of energy supplied to the process, often expressed as a percentage.

Electric vehicle (EV)
An EV is a vehicle that can be powered by an electric motor that draws energy from a battery and is capable of being charged from an external source.

Electrolyser
A device that uses an electric current to split water into its constituent molecules (pure hydrogen and oxygen), a process called electrolysis. There are several types of electrolysis technologies:

- Alkaline electrolysis (AEL): in use for more than 100 years, it uses a liquid alkaline electrolyte solution and operates at low temperature with liquid water. It is the greatest scale and lowest cost technology today, but is not as efficient as other technologies.
- Proton exchange membrane (PEM) electrolysis: uses a solid electrolyte that requires expensive rare metal catalysts. It can operate at high current densities at low temperature with liquid water and has a high dynamic response.
- Solid oxide electrolysis cell (SOEC): the least mature technology, it works at high temperatures from steam, giving it significantly higher efficiency and lower operating costs than other technologies when integrated to use waste heat with existing processes such as steel, ammonia and synthetic fuel production.

Energy
In physics, energy is the capacity for doing work. It may exist as potential, kinetic, thermal, electrical, chemical, nuclear or other various forms. Measured in joules or watt-hours.

Environment, social and governance (ESG)
ESG is a framework to assess companies on their environmental and social issues with a corporate governance structure to encourage companies to act responsibly, often driven by shifting regulations, prioritising long term sustainability or political agendas as opposed to companies exclusively focusing on financial metrics.

ESG recommendations are designed to encourage companies to disclose their impact on and risks from environmental and social issues, such as employee satisfaction, human rights and environmental impact. How these impacts are managed are outlined in the company's government processes and structures.

Financial Conduct Authority (FCA)
The FCA is a financial regulatory body in the United Kingdom but operates independent of the UK government and is financed by charging fees to members for the financial services industry. It aims to protect consumers from bad conduct and financial services as well as ensuring financial markets operate fairly.

Glossary continued

Greenhouse gases (GHG)
GHG are gases in the Earth's atmosphere that absorb infrared radiation energy and reflect it back to Earth, trapping heat radiated by the Earth's surface in the atmosphere. The most common GHGs are water vapour (H_2O), carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), ozone (O_3) and various synthetic chemicals.

Excess GHGs produced by human activity, also known as anthropogenic GHG emissions, can amplify the greenhouse gas warming effect in the atmosphere, which can lead to instability in the Earth's climate system.

Hard-to-abate industries
Industries that are responsible for a large portion of the world's carbon emissions but are among the most challenging to decarbonise. This may be due to a combination of technological and financial challenges. Examples of hard-to-abate industries include:

- Manufacturing: steel, cement, chemicals, and petrochemicals
- Heavy-duty transportation: shipping, aviation, and long-distance trucking

Hydrogen (H_2)
A highly abundant naturally occurring gas commonly cited as a fuel for the future as it has a high chemical energy content for its mass and creates no harmful emissions when it is burned to release energy. Hydrogen is currently used as a feedstock for a number of industrial processes, such as metal smelting and fertiliser production, and is commercially defined by its method of production and the treatment of the waste gases produced:

- Brown: produced using coal where the associated production emissions are released to the air.
- Grey: produced from natural gas where the associated production missions are released to the air.
- Blue: produced from natural gas where the associated production emissions are captured using carbon capture and storage.
- Pink: produced from electrolysis powered by nuclear energy, emitting no carbon emissions during production.
- Green: produced from electrolysis powered by renewable electricity, emitting no carbon emissions during production.

Intellectual property (IP)
An asset that is created by the innovative activities of people and businesses. IP can be in the form of inventions, literary and artistic works, designs and symbols, names and images used in commerce. In business, unique IP is often the basis of competitive advantage and is therefore closely protected, for example by calling out a copyright, registering a table or filing a patent. Intellectual Property Rights are protected by law and allow the holder to assert control over how they are used through contracts and licences.

Key performance indicator (KPI)
KPIs are quantifiable measures of performance to gauge progress for a specific objective over time.

Kilowatt hour (kWh)
A unit of energy (not power) representing one thousand watt hours. Kilowatt hours are often used as a measure of domestic energy consumption. A kilowatt hour is equivalent to a steady power of one kilowatt running for one hour and is equivalent to 3.6 million joules or 3.6 megajoules.

Natural gas (NG)
A fossil fuel energy source that is formed deep beneath the Earth's surface. The largest component of natural gas is methane, composed of carbon and hydrogen. When natural gas is burned or used in a fuel cell, it produces energy and waste carbon dioxide.

Original equipment manufacturer (OEM)
A company that manufactures and sells products or part of a product to another company.

Science based targets initiative (SBTi)
SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. SBTi defines and promotes best practise in emissions reduction and net zero targets in line with climate science to meet the goals of the Paris agreement – limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. There are currently three verifiable, accountable scopes of GHG emissions on which companies must report, as set out by the Greenhouse Gas Protocol.

Scope 1 emissions
Direct GHG emissions from operations that are owned and or controlled by the organisation.

Scope 2 emissions
Indirect GHG emissions from energy imported from third parties, heating, cooling and steam consumed by the organisation.

Scope 3 emissions
All GHG emissions that occur as a consequence of the operations of the organisation but are not directly controlled or owned by the company, such as the production of upstream and downstream activities and materials.

Solid oxide fuel cell (SOFC)
High operating temperature (up to 950°C) but highly efficient fuel cell able to generate electrical power from multiple fuel types including natural gas, biofuels, hydrogen blends and pure hydrogen. However these cells are typically expensive as they tend to be constructed from exotic, but fragile, materials resistant to the high operating temperatures.

SOFC system
An assembly that is made up of the fuel cell, fuel input handling components and components engineered to manage electrical power output and waste heat and gases.

Stack
An assembly of individual fuel cells into a device that can deliver a large amount of electrical power. Ceres' stacks are commonly manufactured in 5kW and 10kW units. These can be connected in a modular manner to create higher power systems.

Stack array module (SAM)
A pressurised container contained Ceres' SOEC stacks for hydrogen production

Sustainable Accounting Standards Board (SASB)
Founded in 2011, SASB is a non-profit organisation focused on independent standards setting.

Sustainable aviation fuel
It is a type of aviation fuel made from renewable and sustainable sources, such as biomass, waste materials and synthetic fuels. Synthetic fuels are made by combining captured CO_2 emissions with hydrogen produced using renewable or CO_2-free electricity.

Task force on Climate-Related Financial Disclosures (TCFD)
TCFD is an international framework of disclosure recommendations developed to improve and increase reporting of climate-related financial impact of climate change. As of 2022, UK premium listed companies are required to report using the TCFD framework in their AR.

Watt (W)
The unit by which power is measured. The amount of energy, measured in joules, delivered in a fixed amount of time, for example joules per second. Values are typically expressed in kilowatts (1kW equals 1000W); megawatts (1MW equals 1,000kW); gigawatts (1GW equals 1,000MW).

Zero emission
Refers to a vehicle, engine, motor, process or some other energy source, that emits no waste products (such as carbon dioxide) that pollute the environment or disrupt the climate.

Notes

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