



GenCell

POWER FOR HUMANITY



Investors Presentation | April 2024



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KEY POINTS



\$33.2m*

Cash Balance as of **31.12.23**
Sufficient for **18 - 20 months**



Significant steady cost reduction achieved in FY2023
Expecting positive gross margin in 2024



Burn Rate

Down from \$2.1m to
\$1.6m per month



Market Alignment

Sharpen focus on highest potential for profit



\$57m

Sales Pipeline

2024-2026 sales pipeline,
of this ~\$19m for 2024



GenCell Inc.

Infrastructure put in place for sales operations in USA

* \$1.8m of the \$33.2m is held as a restricted deposit

ACTIVE MARKETS



COMMUNICATIONS



UTILITIES



EV CHARGING

COMMUNICATIONS

LASER FOCUS ON SPECIFIC SEGMENTS RECENT WINS

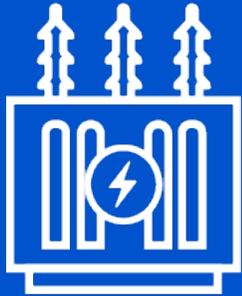
- ↳ A **major European telecom provider** selected GenCell to provide multiple emergency power backup units in a deal **valued at ~\$5m**; contract to be finalized in Q2 2024.
- ↳ **PTTEP**, the national Thai petroleum company purchased two GenCell BOX long-duration backup power units to deploy in Rayong, Thailand;
- ↳ **NTT-AT**, a subsidiary of Japan's largest telecommunications company **NTT**, remotely activated a first GenCell® BOX™ system for site backup testing with support from GenCell and system integration partner JEPICO;



JEPICO



FOCUS MARKET



SUBSTATION RESILIENCE

—

**GENCELL
REX**



UTILITIES



EV CHARGING

**FOR FLEET MANAGEMENT & BACKUP
VIA DERS & MICROGRIDS**

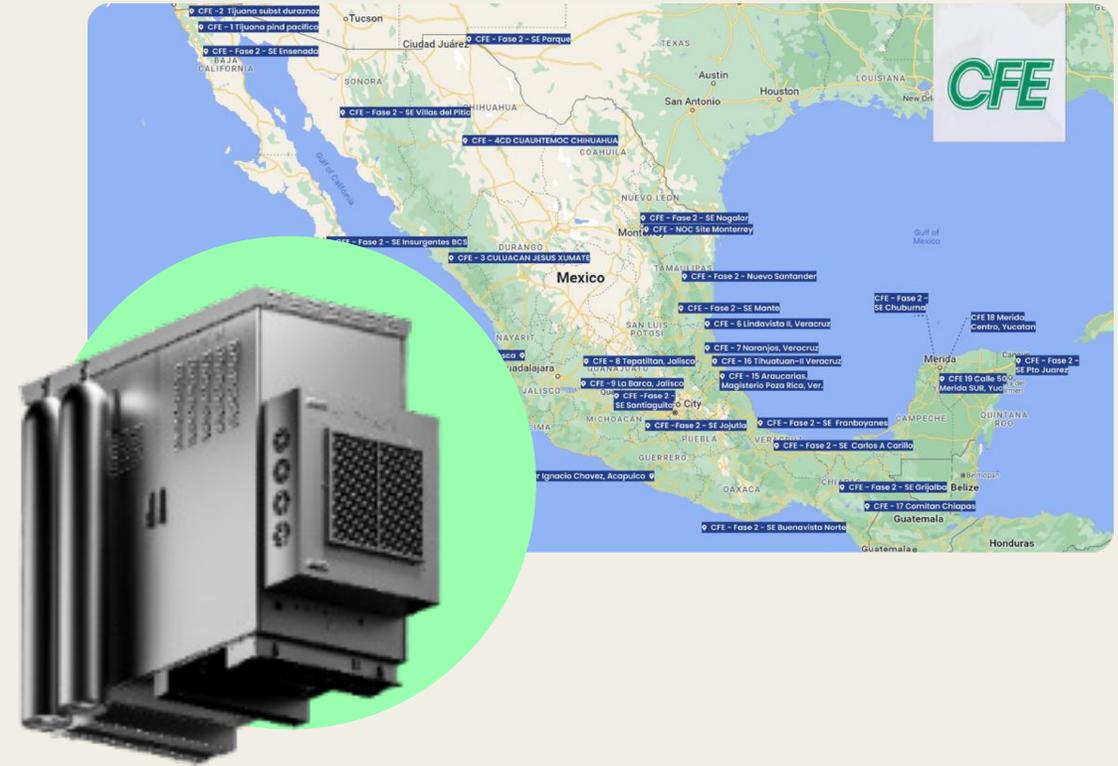
GENCELL EVOX

UTILITIES - Substations

PROGRESS IN NORTH AMERICAN UTILITIES MARKET

MEXICO

- ↳ By 2022, GenCell supplied 74 systems to fully comply with CFE's specifications for Tier One auxiliary DC power;
- ↳ In 2023, GenCell provided additional units in a deal valued at ~\$4.5m;
- ↳ In 2024, GenCell is expecting in H1 to deliver a second batch of units in a second deal also valued at ~\$4.5m; the contract includes an option in H2 to expand the deal by another \$4.5m.
- ↳ By EOY2024, CFE will comprise the largest fuel cell deployment at a utility market.



UTILITIES Substations & EV Charging

PROGRESS IN NORTH AMERICAN UTILITIES MARKET

USA

- ↳ Sales of GenCell REX units in an RFI by one Texas-based utility **are estimated to reach ~\$30m** between 2024-2028.
- ↳ During the first of 2024 GenCell will formally launch its product line for electric utilities in the U.S.
- ↳ To penetrate the US utility market, GenCell has signed partnership agreements with key strategic partners – **Turtle**, INF and Techflow.



GenCell REX

Example of estimated cost of losses over 24hr period due to power outage in a US substation

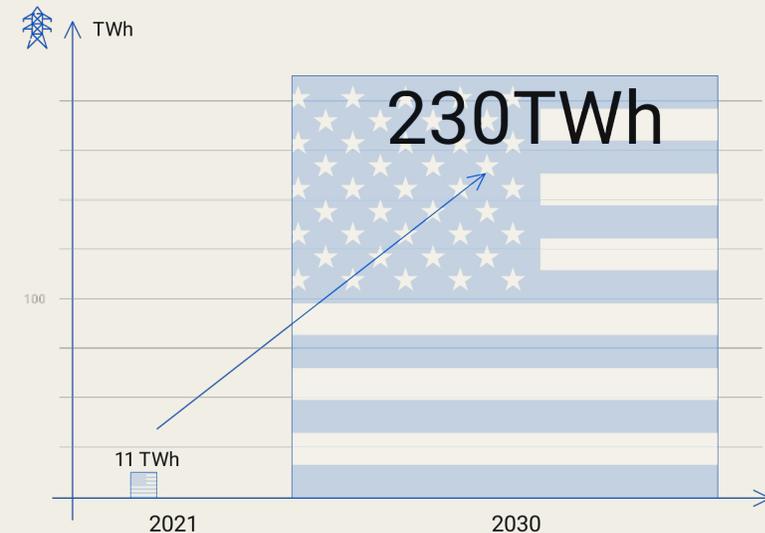
| | |
|--------------------------------|-----------------------|
| Food Spoilage: | \$1.0 million |
| Wages Lost: | \$5.0 million |
| Manufacturing Industry: | \$5.0 million |
| Banking Industry: | \$3.0 million |
| Restoration Costs: | \$10.0 million |
| Overtime Payments: | \$2.0 million |
| Transportation Revenue Losses: | \$2.6 million |
| Overtime and Labor: | \$6.5 million |
| Total | \$35.1 million |

UTILITIES & End Users – EV Charging

KEY INSIGHTS INTO THE CHANGING EV CHARGING MARKET

- ↳ GenCell launched its new EVOX solution® to address the [significant power gap](#) that inhibits DC fast EV charging in many locations, especially in the U.S.;
- ↳ The EVOX value proposition has resonated with fleet managers – especially of public institutions, government agencies, communities - offices of emergency management, and microgrids - bodies for whom resilient, uninterrupted EV charging is **essential**.
- ↳ Each of these end-users leads us to an additional prospect – their local power utility.

While most electric-vehicle chargers would be in homes, about 1.2 million would be public chargers



Annual energy demand from electric vehicles
USA

[Source: McKinsey 2022](#)

UTILITIES & End Users – EV Charging

PROGRESS IN THE U.S. EV CHARGING MARKET

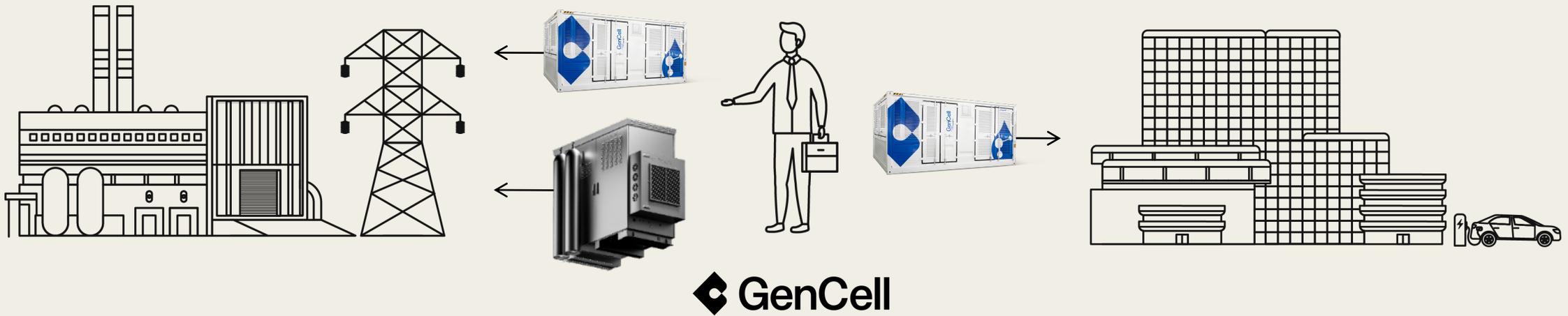
- ↳ First 2 units enroute to USA assigned to first two US-based sites:
 - ↳ **UCLA** – The Transportation Department of this leading university in California is deploying EVOX to ensure power for its EV fleets & meet its sustainability targets;
 - ↳ **California Mobility Center (CMC)** – showcasing EVOX at its global resource center in Sacramento CA as a prototype for local mobility hubs needed to drive the EV ecosystem;
- ↳ First two installations planned for Q2 2024.
- ↳ EVOX Sales Pipeline in US ~ \$20M.



UTILITIES

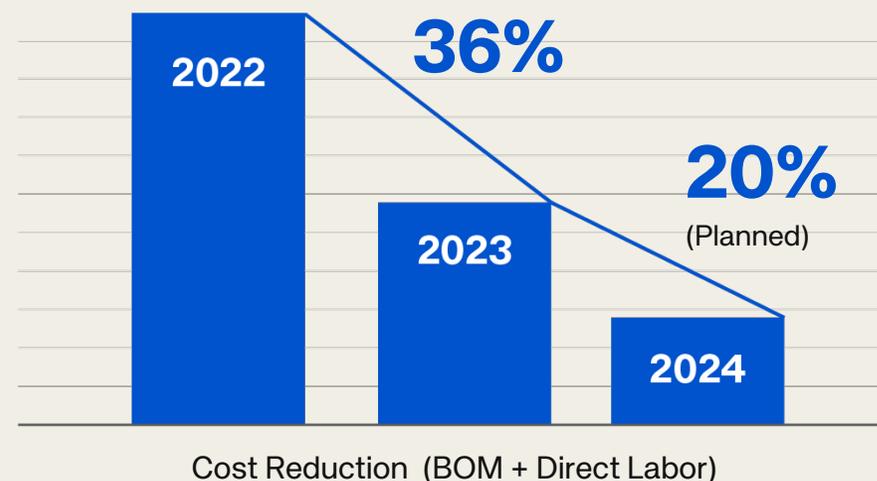
We have doubled our sales potential to U.S. utilities.

– MULTIPLY OUR MARKET POTENTIAL BY OFFERING BOTH REX & EVOX



EFFORTS TO ACHIEVE PROFITABILITY

- ↳ During FY2023 the company succeeded to reduce BOX unit cost by 36% and in FY2024 a further decrease in cost of an additional ~20% is planned,
- ↳ These substantial cost reductions are expected to drive GenCell to reach a positive gross margin in FY2024;
- ↳ REX & EVOX deals in 2024 expected to close at margin of 35% (excluding manufacturing overhead expenses);
- ↳ Burn rate has been reduced by 30%, from \$2.3m to \$1.6m (commencing January 2024);
- ↳ Cash balance as of the report date is \$31m, providing a runway of 18 – 20 months;
- ↳ As part of FY2024 financial plans, the Company will act to secure its financial resilience.



GENCELL LTD. CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS (IN \$ THOUSANDS)

Key Points

- ↳ **Cost of Sales** includes costs of production of all the units manufactured in that year without capitalization of the cost of salaries and related expenses and sub-contractors vis-a-vis inventory in the amount of \$2.5 million against units that were to be manufactured in 2023 but were not sold and remain in inventory. Consequently, the gross losses in 2023 should have reached \$2.6 million.
- ↳ **R&D Expenses** in 2022 that reached some \$7.8 million, not including expenses in the amount of \$6.3 million that were capitalized as intangible assets, such that the R&D expenses in 2022 reach a total of \$14.1 million in contrast to \$13.2 million in 2023. (The Company did not capitalize R&D costs in 2023.)
- ↳ See Note 21 in the Financial Report.
- ↳ **Depreciation** – in 2023 the Company recognized a depreciation of some \$1.7 million as a result of depreciation according to IAS Accounting Standard 36.

GENCELL LTD. CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

| For the year ending December 31st | | | |
|---|------|--------------|-------------|
| | | 2023 | 2022 |
| | Note | \$ thousands | |
| Sales | 19 | 4,864 | 7,403 |
| Cost of sales | 20 | 10,034 | 10,054 |
| Gross loss | | 5,170 | 2,651 |
| Research & development expenses, net | 21 | 13,208 | 7,856 |
| Sales & marketing expenses | 22 | 4,161 | 5,320 |
| General & administrative expenses | 23 | 7,056 | 6,111 |
| Loss from Regular Activity | | 29,595 | 21,938 |
| Loss from impairment of intangible assets | 11 | - | 11,472 |
| Impairment Losses | 12,4 | 1,716 | 3,389 |
| Impairment Losses | | 31,311 | 36,799 |
| Financing income | 24 | 3,320 | 3,515 |
| Financing expenses | 24 | 282 | 3,228 |
| Financing revenues (expenses), net | 24 | 3,038 | 287 |
| Other income, net | | 28 | 27 |
| Total Loss before taxes on income | | 28,245 | 36,485 |
| Taxes on income | 30 | 57 | 191 |
| Total Loss for the period | | 28,302 | 36,676 |
| Amounts which will be classified in the future under profit or loss, net of tax: (Profit (loss) in respect of cash flow hedging, net of tax) | | 1,712 | (1,658) |
| Total comprehensive loss for the period: | | 26,590 | 38,334 |
| Loss per single ordinary share (in USD) worth NIS 1 NV, basic and diluted | 26 | 0.26 | 0.34 |
| Weighted average of stock capital used to calculate the basic and diluted loss per share | | 107,656,690 | 107,508,908 |

TECHNOLOGICAL DEVELOPMENTS UPDATE

↳ GenCell Energy Management Software (GEMS):

- **GEMS Intelligent IoT Edge** (Datahub) software platform **released**, connecting all GenCell units deployed worldwide to headquarters
- **EVOX GEMS SW V1 released** to optimize costs per kWh, upgrading user experience.

↳ Fuel Cells:

- GenCell OX™ - Alpha unit in progress;
- GenCell FOX™- Post field testing, renewed development efforts;
- Exploring options for high power EVOX to meet market demand.

↳ Green Ammonia :

- Low-scale Alpha Prototype running;
- Full-scale Alpha Prototype in progress;
- Major breakthrough in Faradaic efficiency.



GenCell Eye

KEY TAKEAWAYS



\$33.2m*

Cash Balance as of **31.12.23**
Sufficient for **18 - 20 months**



Business focus on U.S to drive exponential growth

Dual product approach to expand U.S. utility market share



\$57m

Sales Pipeline

2024-2026 sales pipeline, of this
~\$19m for 2024



Achieved key lighthouse accounts in all three focus markets



Significant steady cost reduction in FY2023

Expecting positive gross margin in 2024



Significant Growth

2024 forecast of \$12-14M

* \$1.8m of the \$33.2m is held as a restricted deposit



THANK 
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 GenCell