

# Project Bauen | £250m equity fundraising

October 2021



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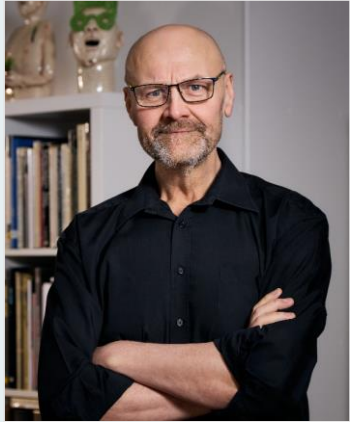
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**Dr Graham Cooley | CEO**

- Joined ITM Power in 2009
- Power Industry Background
- Board Member UK Hydrogen Council



**Andy Allen | CFO**

- Joined ITM Power in 2011
- Previously ITM Financial Controller
- Manufacturing Background



**Dr Simon Bourne | CTO**

- Joined ITM Power in 2002
- Defence Background
- Materials Background



**Market leader | Strong momentum | Global markets | Strong partnerships**

### Presentation Contents:

- Strategy & Funding GC
- Technology & Manufacturing SB
- Financials AA
- Transaction Summary GC



**Project Bauen | Oct 2021**

### ITM Power Positioning

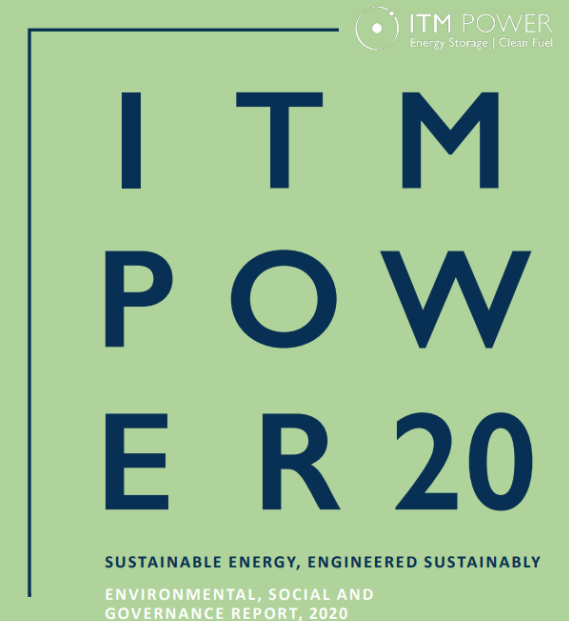
- ITM Power manufactures world leading, field-proven PEM electrolyzers
- ITM Power has the largest PEM electrolyser factory in the world

#### Manufacturing Capacity:

- Current annual manufacturing capacity to reach 1GW by 2022
- Priority is now to think to the future, to ensure this market leading position
- Intent to expand annual manufacturing capacity to 5GW by end of 2024
- UK expansion to 2.5GW and the first international factory of a further 2.5GW

#### Funding:

- £250m equity fundraising



ITM Power ESG Report | Published 8<sup>th</sup> April 2021



Market leader | Strong momentum | Global markets | Strong partnerships



### The Macro Market

- **IEA:** 322m Tonnes of electrolytic hydrogen needed by 2050
- **IEA:** global electrolyser capacity of 3,585GW needed by 2050
- **Aurora:** Current pipeline of electrolysers is over 200GW
- **Aurora:** 85% of the 200GW is in Europe
- National electrolyser targets increased from 40GW to 149GW

### Global Macro:

- EU net-zero law | China declares net-zero by 2060
- US rejoined the Paris Agreement | 19<sup>th</sup> February 2021
- US DOE | Hydrogen Moonshot | 7<sup>th</sup> June 2021



#### Green hydrogen leads off US energy earthshots in 'all hands on deck' technology call

First 'shot' from new Department of Energy initiative announced by secretary of energy Jennifer Granholm aims to slash the price of green H<sub>2</sub> by 80% in the next ten years

AURORA  
ENERGY RESEARCH

#### Hydrogen Market Attractiveness Report (HyMAR)

Summary slides for non-subscribers  
11<sup>th</sup> May 2021

## Net Zero by 2050

### A Roadmap for the Global Energy Sector

International Energy Agency



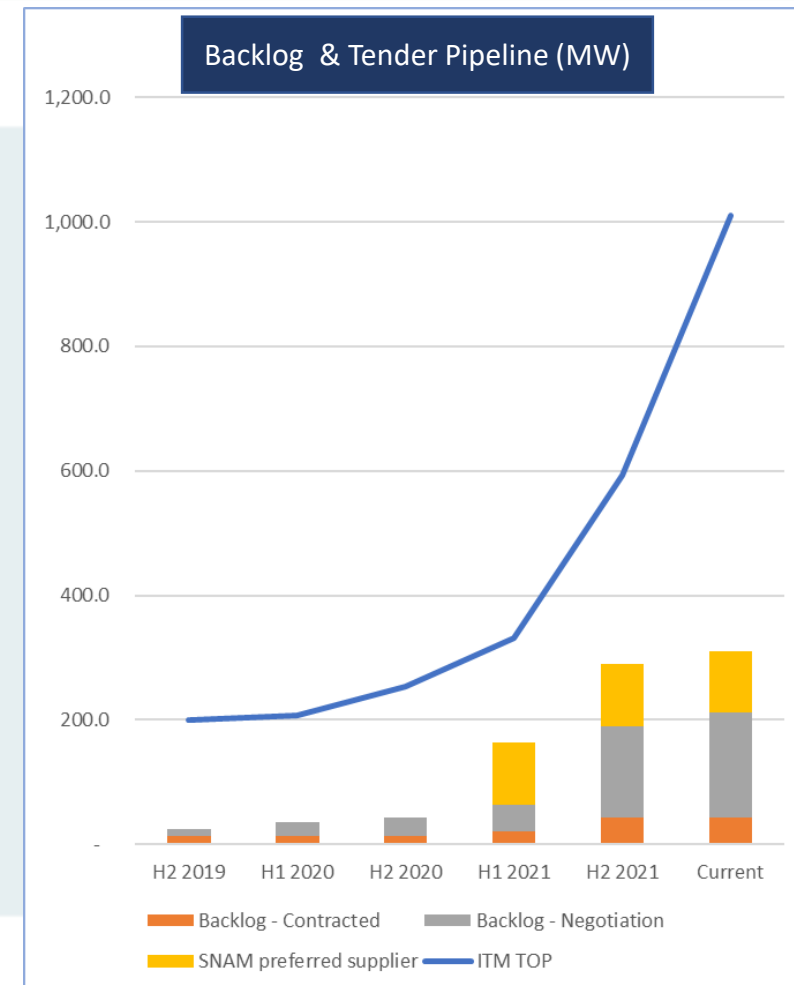
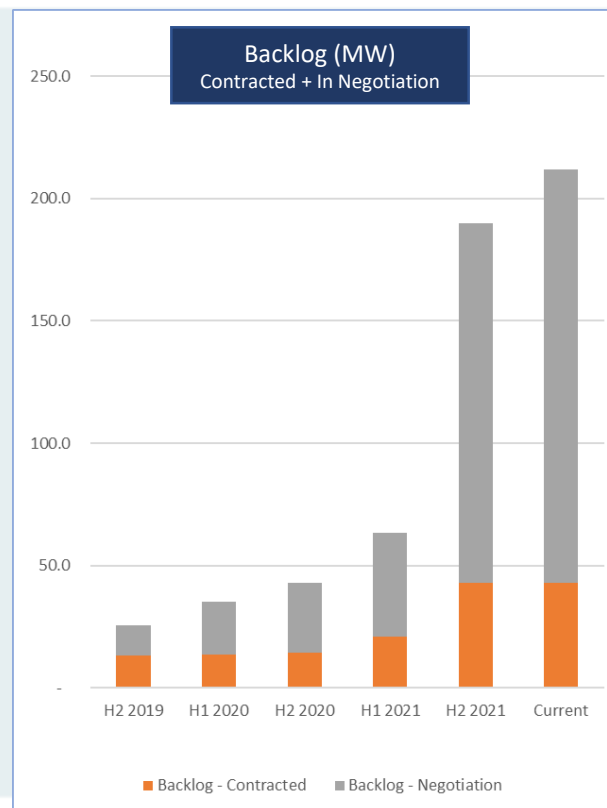
Market leader | Strong momentum | Global markets | Strong partnerships

### Record Backlog\*:

- Total: 310MW
- Contracted: 43MW
- Negotiation: 169MW
- Preferred supplier: 98MW

### Record Tender Pipeline\*\*:

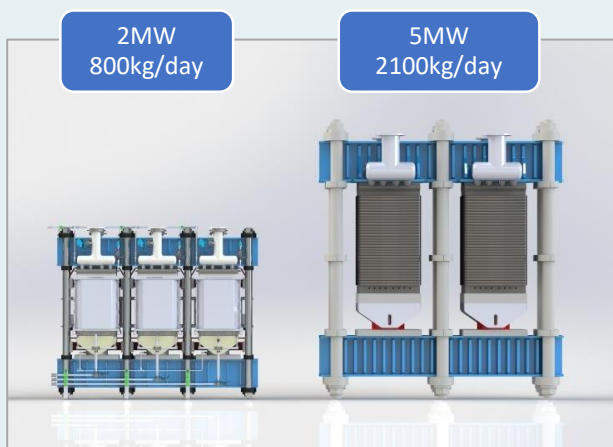
- Total: 1,011MW (1GW+) vs 593MW in June '21
- Increasingly weighted towards larger projects



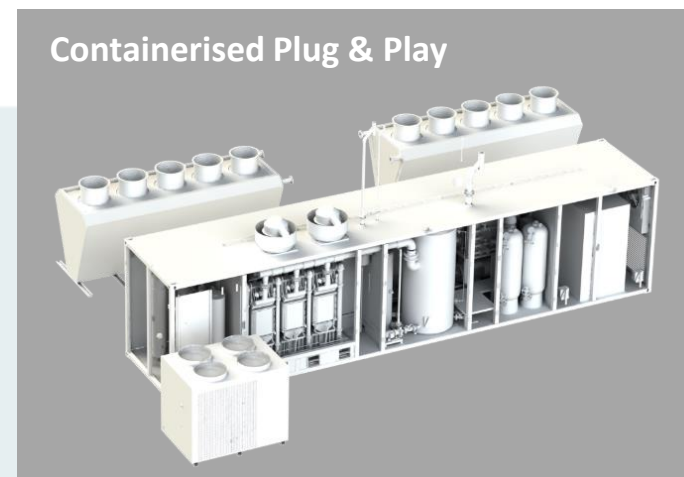
**Backlog: 310MW | Tender pipeline: 1,011MW | Annual capacity: 1,000MW**

\*Contracted backlog and contracts in the final stages of negotiation and preferred supplier backlog 8

\*\*Quotations submitted in response to commercial tenders in the last 12months



| Project  | Product Platform            | Integration |
|----------|-----------------------------|-------------|
| 0-4 MW   | Plug & Play                 | ITM         |
| 4-20 MW  | Plug & Play and 2MW Modular | ITM or ILE  |
| 21-80 MW | 2MW Modular                 | ILE         |
| 81 MW+   | 5MW Modular                 | ILE         |



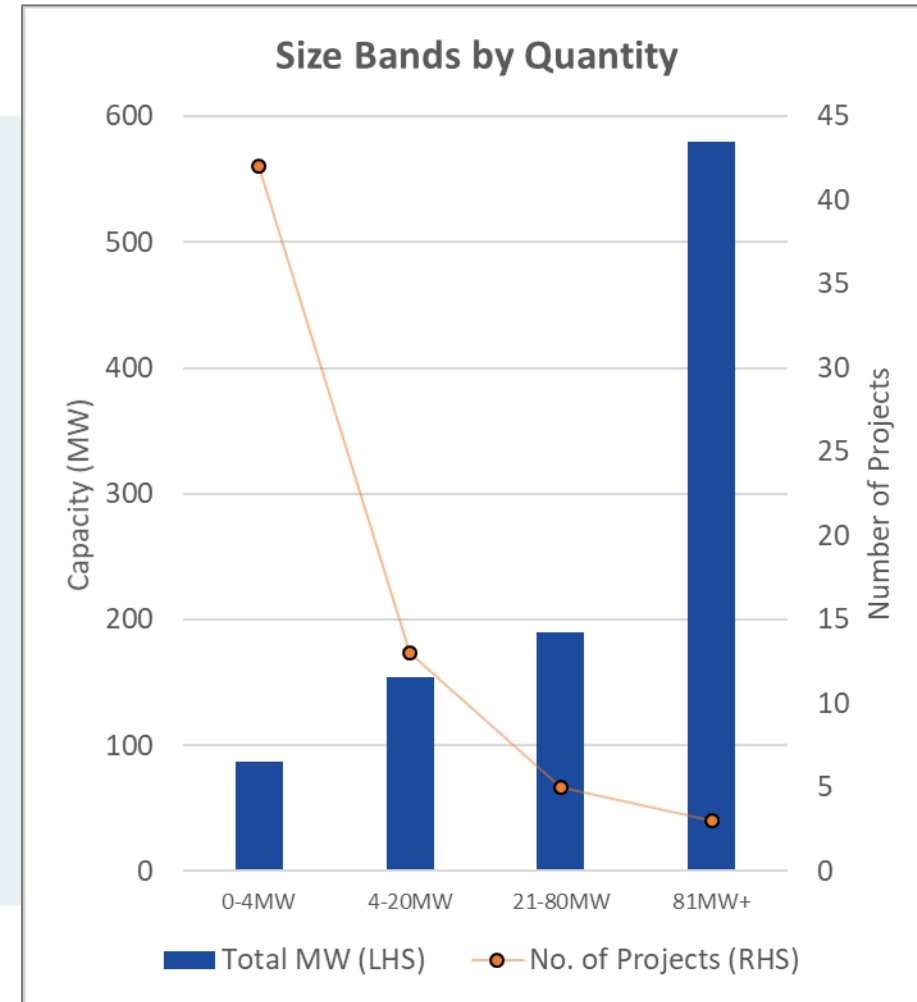
**Backlog: 310MW | Tender pipeline: 1,011MW | Annual capacity: 1,000MW**

### Record Tender Pipeline:

- Total: 1,011MW (excludes feasibility and FEED studies)
- Excludes wider pipeline development
- Increasingly weighted towards larger projects

### Project size distribution:

| Project  | Product Platform            | Integration | Total MW | No. Projects |
|----------|-----------------------------|-------------|----------|--------------|
| 0-4 MW   | Plug & Play                 | ITM         | 87       | 42           |
| 4-20 MW  | Plug & Play and 2MW Modular | ITM or ILE  | 154      | 13           |
| 21-80 MW | 2MW Modular                 | ILE         | 190      | 5            |
| 81 MW+   | 5MW Modular                 | ILE         | 580      | 3            |

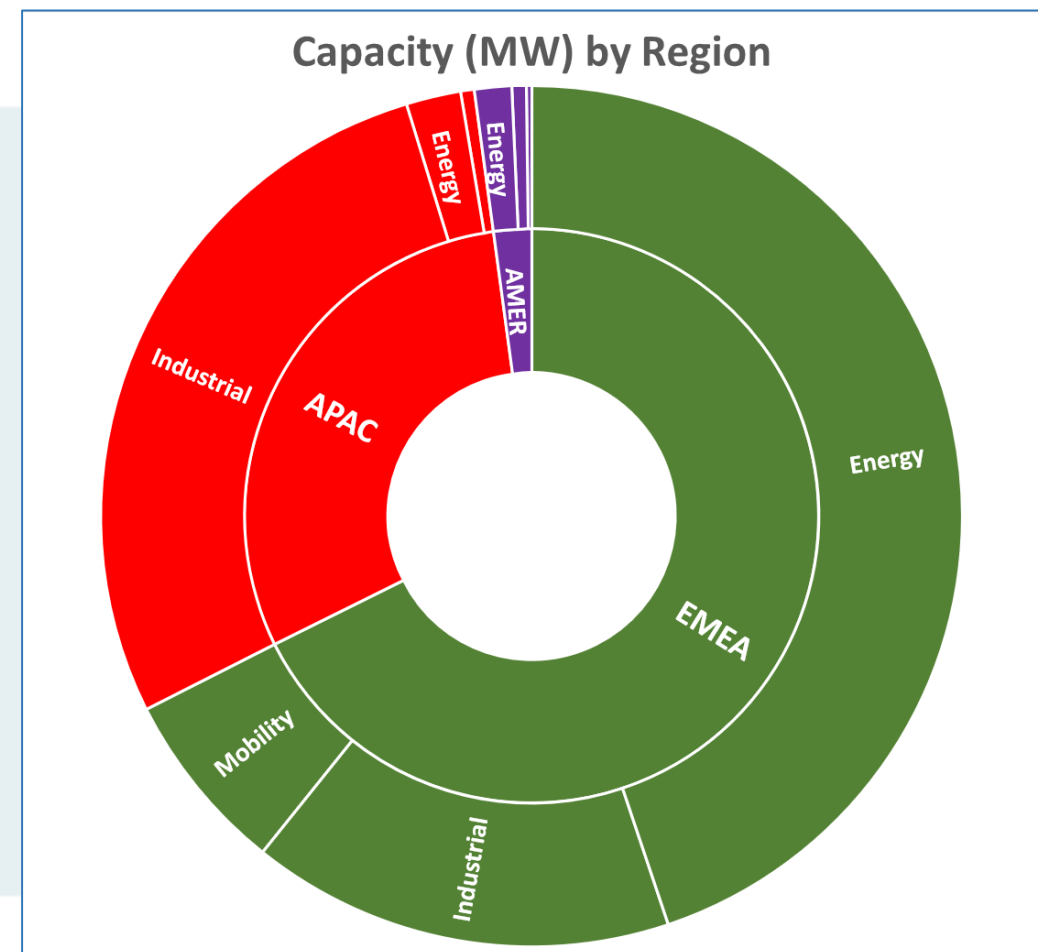


**Backlog: 310MW | Tender pipeline: 1,011MW | Annual capacity: 1,000MW**

### Tender Opportunity Pipeline :

- Industrial hydrogen driven by the transition to Net zero
- Renewables aligning with the O&G industry
- EMEA        Leading
- APAC        Fast follower
- AMER        Earthshot not yet reflected

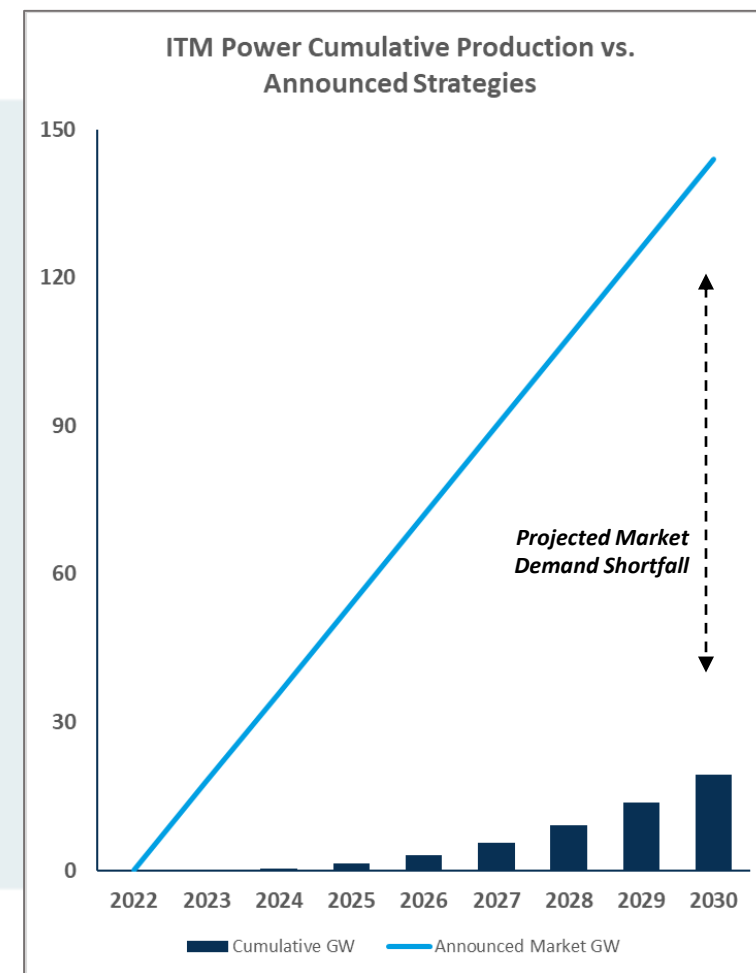
| Region (MW) | Energy | Industrial | Mobility |
|-------------|--------|------------|----------|
| EMEA        | 453.3  | 160.7      | 69.4     |
| APAC        | 20.7   | 280.0      | 5.3      |
| AMER        | 14.0   | 5.4        | 2.0      |



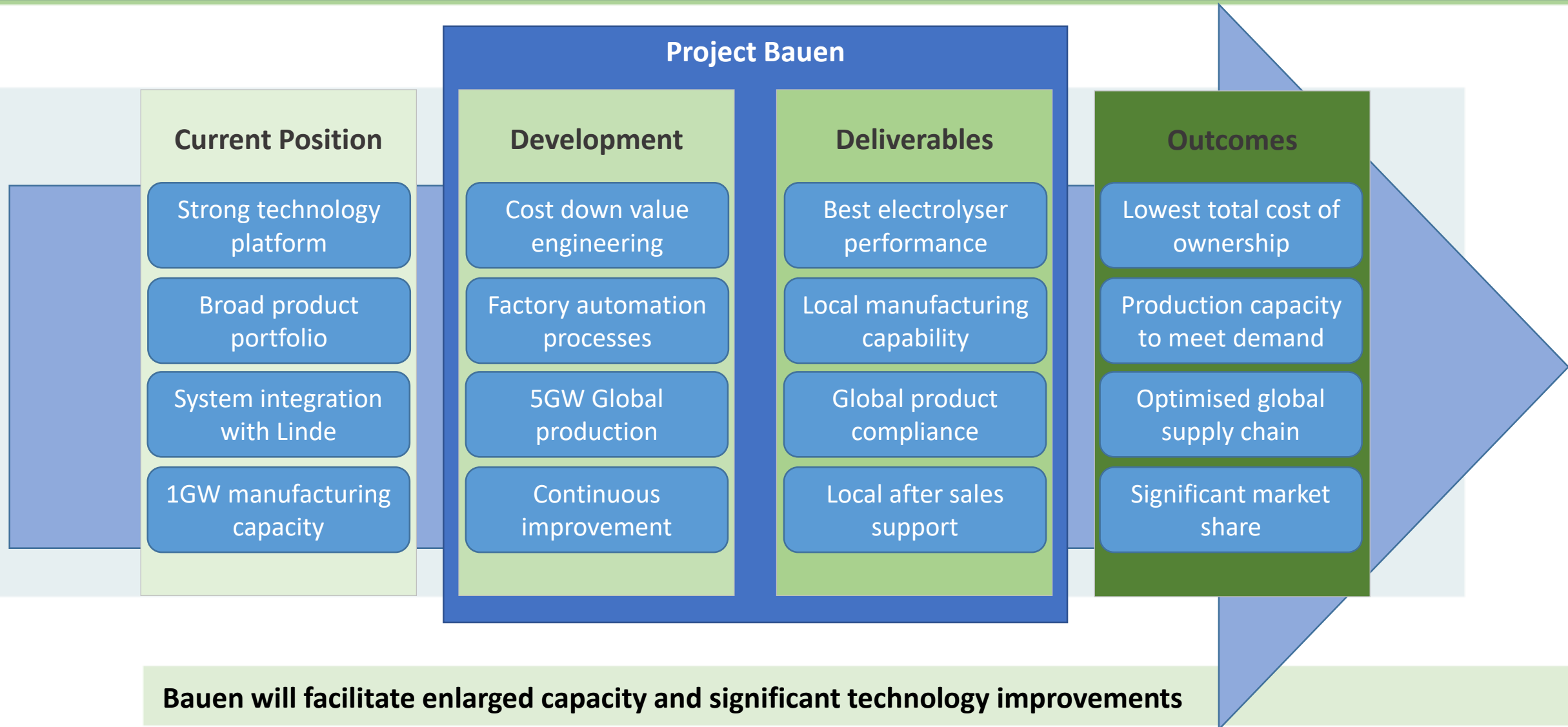
**Backlog: 310MW | Tender pipeline: 1,011MW | Annual capacity: 1,000MW**

### Substantial Shortfall in Production Currently Projected

- Current global manufacturing capacity significantly below projected levels of demand
- Substantial opportunity to take advantage of this market growth
- Secure position as leading global electrolyser provider
- ITM targeting transformational capacity enhancement
- Annual manufacturing capacity of 5GW in place by 2024
- Announced market demand is significantly in excess of this
- Substantial scope for upside or downside protection



**Bauen will enable ITM to significantly ramp-up production to meet this exponential demand**



## Technology & Manufacturing:

- Total Cost of Ownership
- Technology & Products
- Customer Offering
- ITM Support
- Cost Reduction
- Manufacturing Roadmap



**Dr Simon Bourne | CTO | Technology & Manufacturing**

## Total Cost of Ownership | Winning Orders through Lowest LCoH<sub>2</sub>

- Hydrogen **production cost** dominated by electrolyser performance
- Customers want **low cost turn key solutions**
- **Operational excellence** leads to repeat business and continuous improvement
- All three of these are sources of competitive advantage
- R&D and continuous technology progress maintains leading position

### Bauen Delivers:

- Lowest LCoH<sub>2</sub> in all three areas
- Reinforces ITM's global leading position

## Delivering the Lowest LCoH<sub>2</sub>

### Lowest H<sub>2</sub> Production Costs

- Performance
- Testing
- Technology roadmap

### Lowest Full System Price

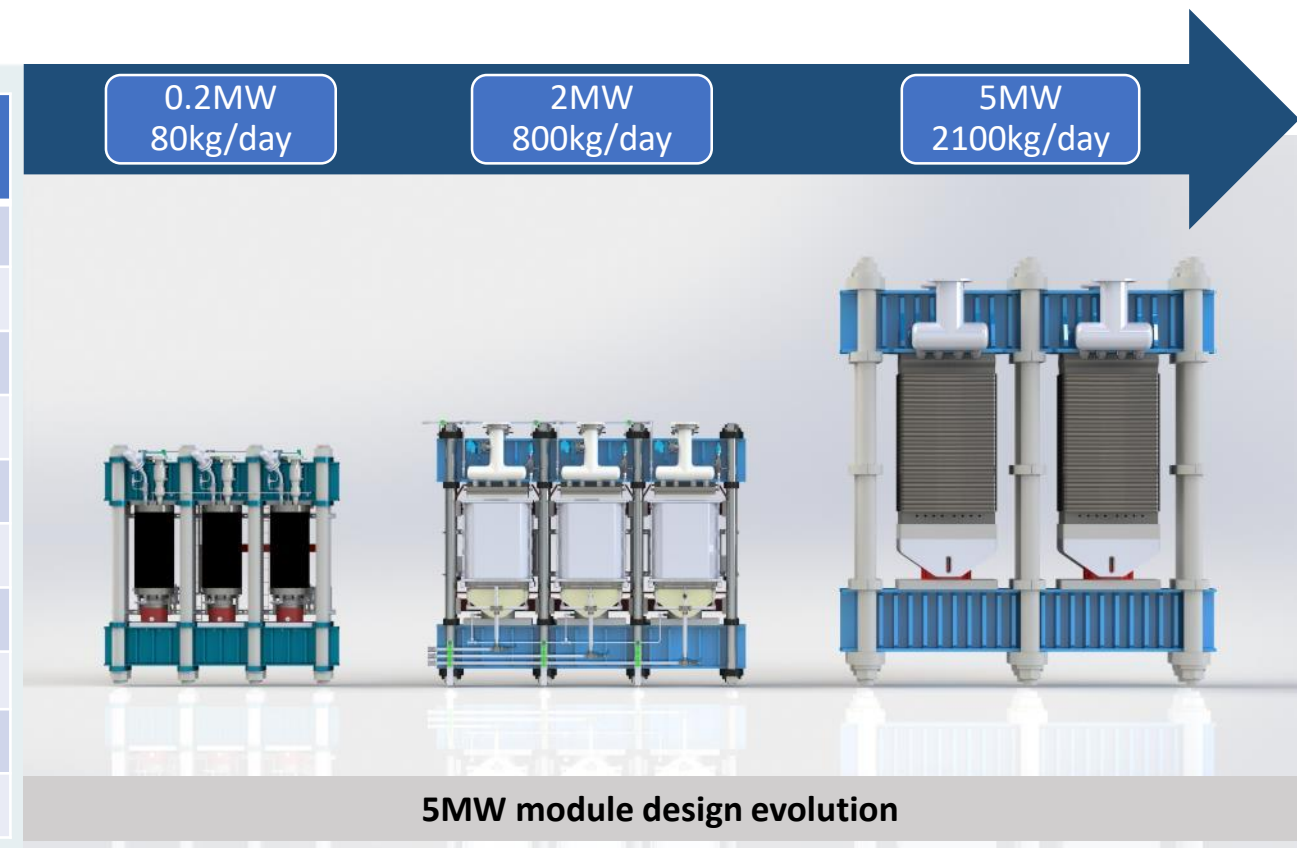
- Volume manufacture | automation
- PGM reduction
- Localised supply chain

### Best Operational Excellence

- 24/7 support
- Early diagnostics
- Data and RAMs modelling

Technology and quality improvements critical to delivering lowest LCoH<sub>2</sub>

| Metric              | Area                    | Running Cost | System Price | Desirability |
|---------------------|-------------------------|--------------|--------------|--------------|
| Higher efficiency   | Core tech               | ✓            | ✓            | ✓✓           |
| Value engineering   | Product development     | ✓            | ✓            | ✓✓           |
| Higher pressure     | Product development     | ✓            | ✓            | ✓✓           |
| Oxygen utilisation  | Product development     | ✓            | ✓            | ✓            |
| Global compliance   | Product development     | -            | ✓            | ✓            |
| Linde Integration   | Product development     | -            | ✓            | ✓            |
| Footprint reduction | Product development     | -            | ✓            | ✓            |
| Delivery lead time  | Product development     | -            | -            | ✓            |
| System availability | Core tech & After sales | -            | -            | ✓            |
| After sales support | Core tech & After sales | -            | -            | ✓            |

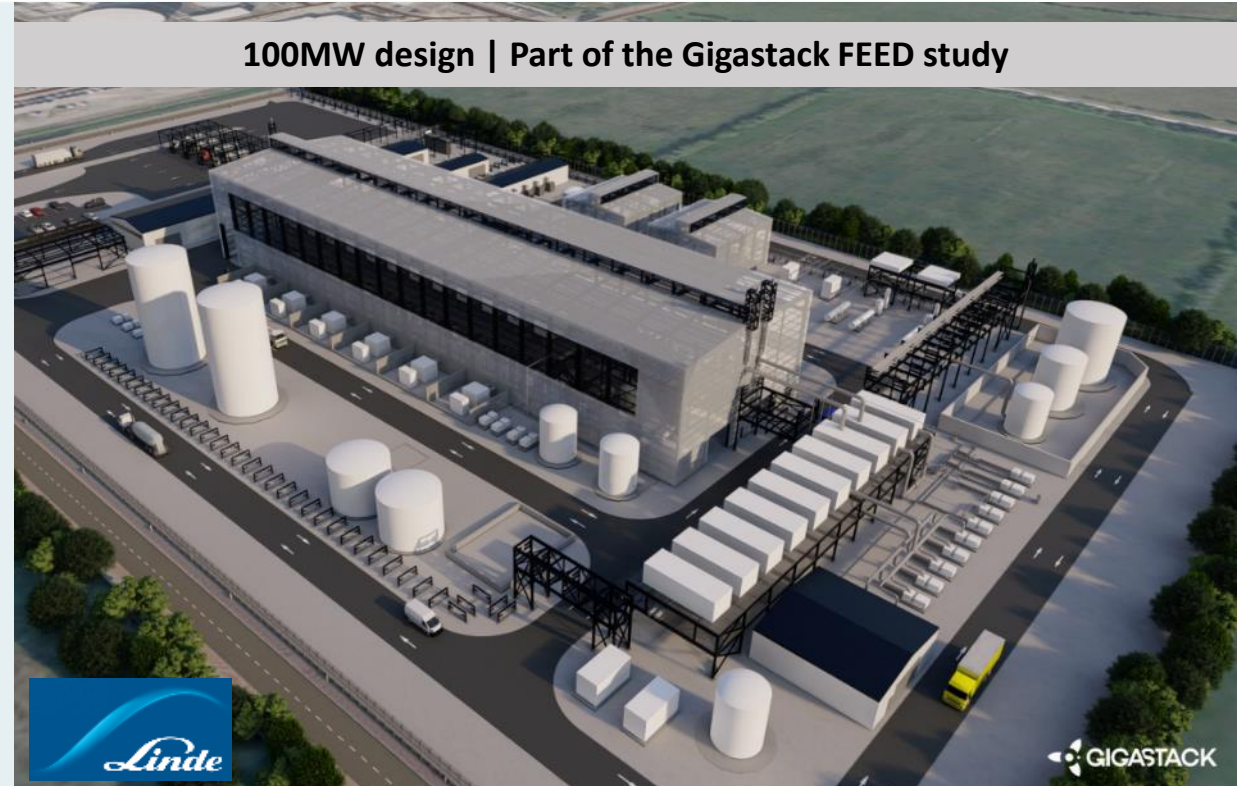


**Best in class | Reinforcing technology leadership**



### Superior Offering for the XL Market

- Acceleration of 5MW stack module underway
- Market leading electrolyser performance
- Responding to the market demand for large scale
- Standardisation and modularity at scale
- Pre-engineer into 20MW packages for rapid deployment
- Exposure to larger projects faster | Minimise on site works
- 100MW Shell Refhyne II announced



**Best in class | Global scale**

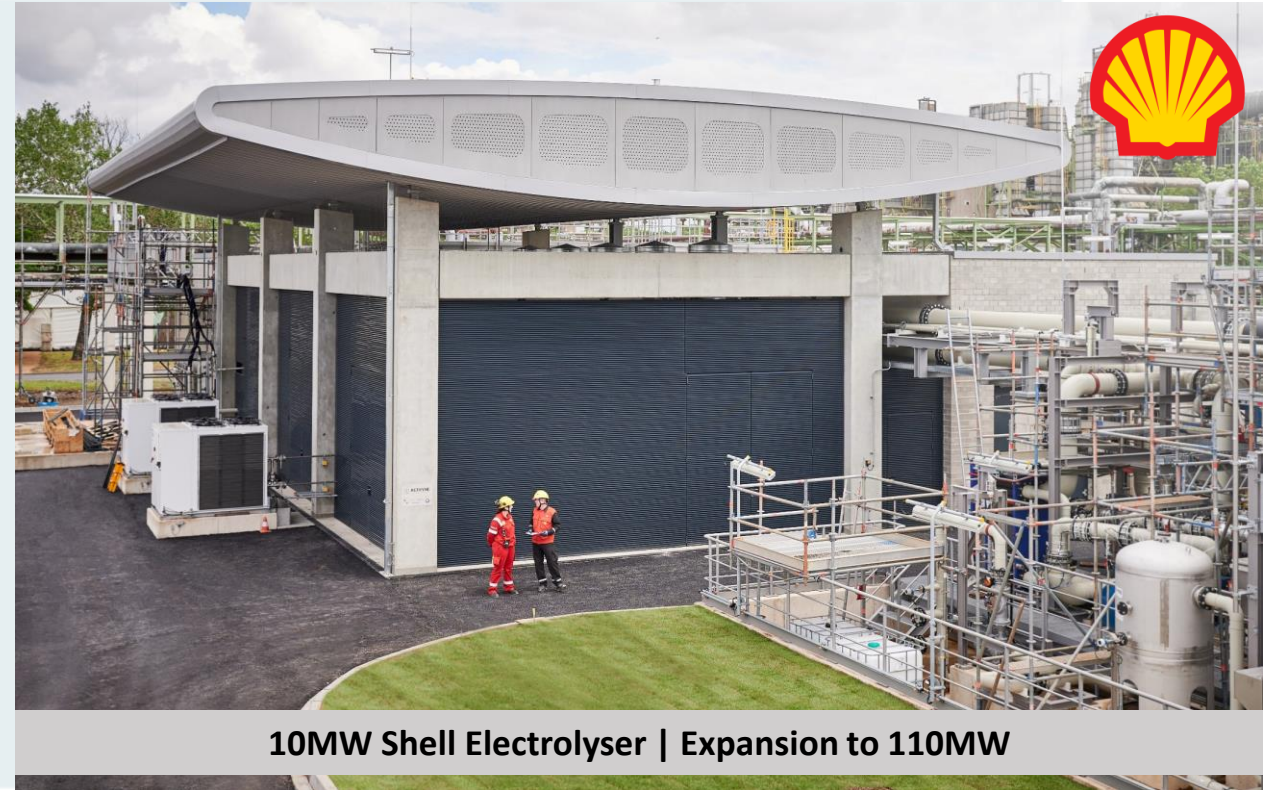


### Refhyne II | Expansion of the Wesseling Project

- Shell to produce synthetic kerosene in Rhineland Refinery
- Shell's vision of an eRefinery
- "Shell Energy and Chemicals Parc Rhineland"

#### Partnership for new 100MW:

- ITM Power, ITM Linde Electrolysis GmbH (ILE) and Linde
- Grant support in negotiation
- Construction of this plant could start in 2022



**Best in class | New Linde engineered BoP | First 100MW EPC**



### Onward Revenue Stream from Deployed Equipment:

- Targeting EBIT margins from product aftersales of c.25%
- Contracts typically over product lifetime
- Often higher than margin on new sales

### A Clear Competitive Advantage for Product Sales:

- SLA's across territories sells products
- Quick and efficient responses to in-service issues
- Helps to develop client trust and confidence

### Performance Data Analysis:

- Constantly gather performance data
- Learnings from the field informs product development



ITM Power Bessemer Park | Control Room | 24/7 Operation

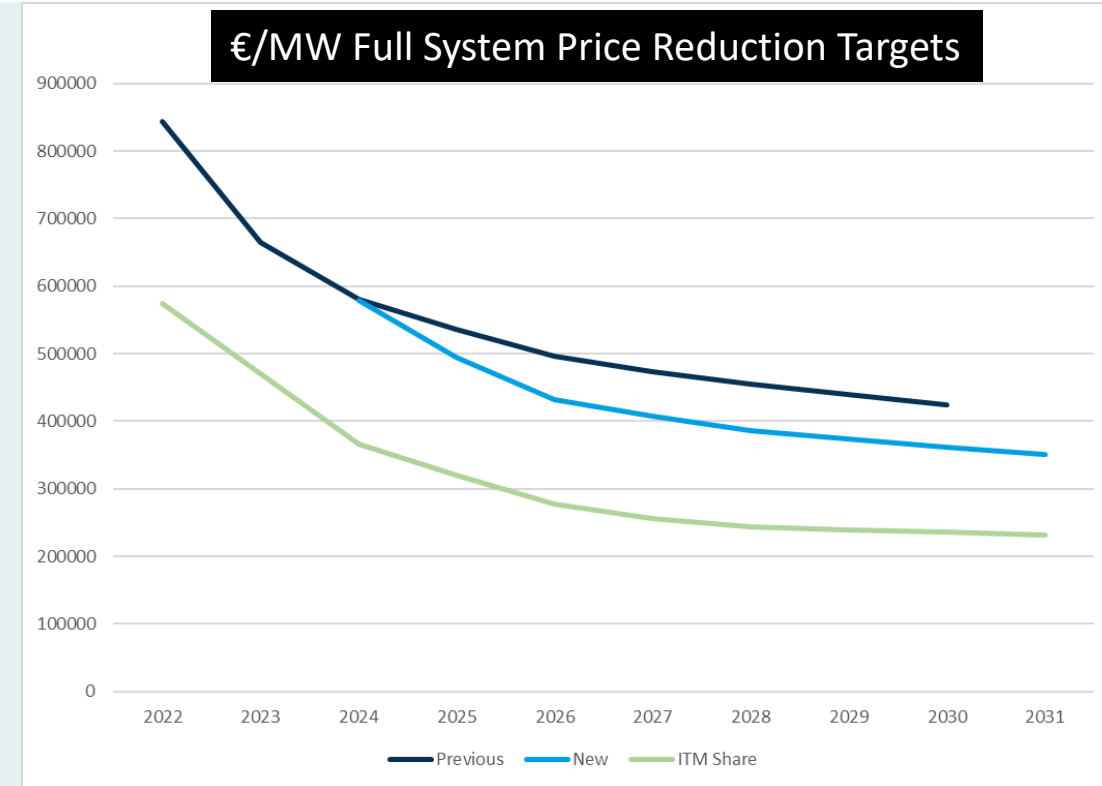
**World class companies need clear Aftersales strategies**

### Full System Price Reduction Targets

- Target **50% electrolyser cost reduction** within 5 years
- Biggest gains available in PEM stack & power conversion
- Based on product **standardisation & modularisation**
- Product control enables improvement in all areas
- Leveraging partners (Linde) to reduce system cost
- Currently **tracking ahead of target**

#### Enablers for cost reduction:

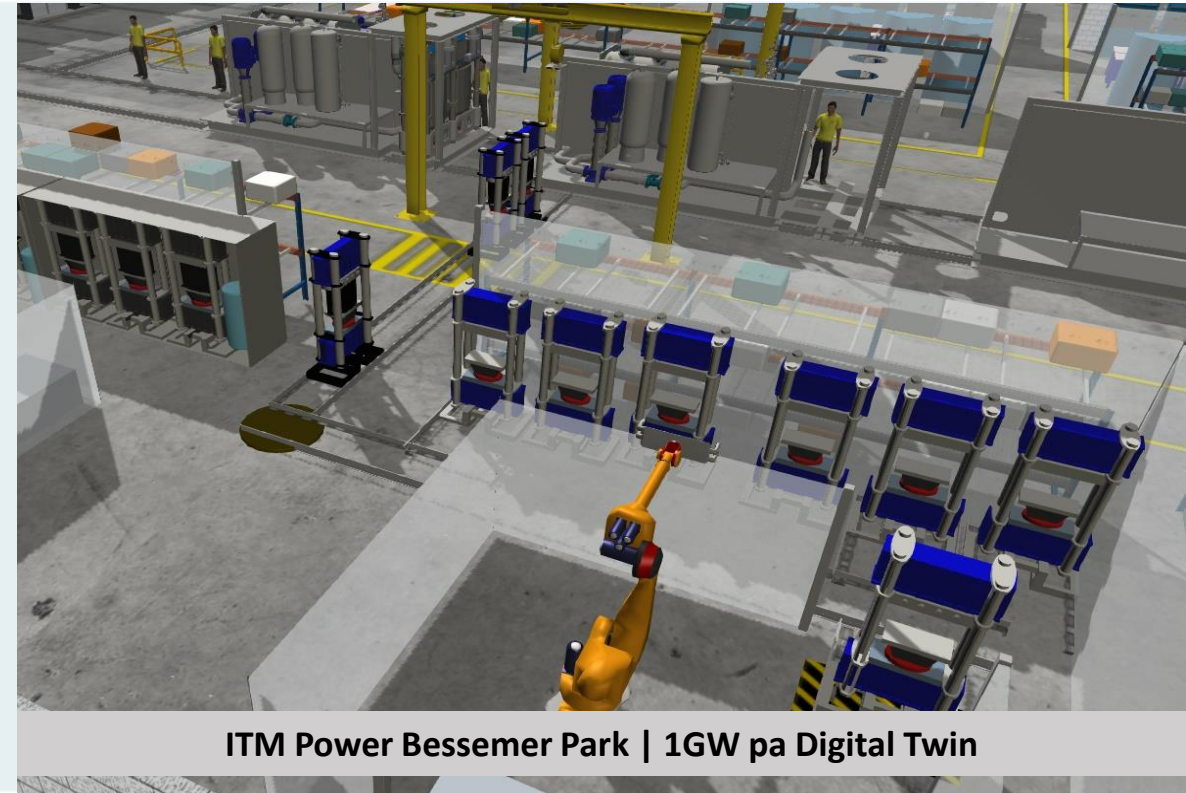
- Manufacturing volume | Semi-automation | Procurement
- Application of technology improvements
- Provision of larger systems



Seeking lowest cost of ownership for customers by marrying excellent Capex and Opex characteristics

### Current Status

- In production since January 2021
- Historic manufacturing site closed, dilapidations complete
- Manufacturing standard products to stock to reduce lead times
- 24/7 after sales support centre established and resourced
- Capacity scalable to 1GW within 6 months
- Manufacturing processes now in-house to improve cost & quality
- Engaged with Sewtec Automation Consultants
- Fully automated factory digital twin complete



**Production underway | Beta testing fully completed**

### 1GW | Bessemer Park Gigafactory

- Semi Automated Factory template
- Fast moving market
- Technology leadership
- Linde partnership development
- Need to move faster

### 2.5GW | UK Gigafactory 2.0

- Fully Automated Factory proof of concept
- Acceleration to larger product deployment
- Technology & Cost leadership
- Linde provides scale through EPC Offering
- Maximise efficiency and replicability

### 5GW | International Roll Out

- Market leadership
- Global addressable market in excess of 144GW
- Leadership in After sales
- Linde Global positioning
- Maximise installed base creating barriers to entry

**Market driven expansion | National manufacturing partnerships worldwide**

### Financials & Guidance:

- Use of Funds
- Technology Roadmap
- Factory Investment Criteria and Model



Shell 10MW electrolyser, Rhineland Refinery, Germany

**Andy Allen | CFO | Financials & Guidance**

### Delivering the Lowest LCoH<sub>2</sub>

#### Lowest H2 Production Costs

- Performance
- Testing
- Technology roadmap

1

#### Lowest Full System Price

- Volume manufacture | automation
- PGM reduction
- Localised supply chain

1

2

#### Best Operational Excellence

- 24/7 support
- Early diagnostics
- Data and RAMs

3

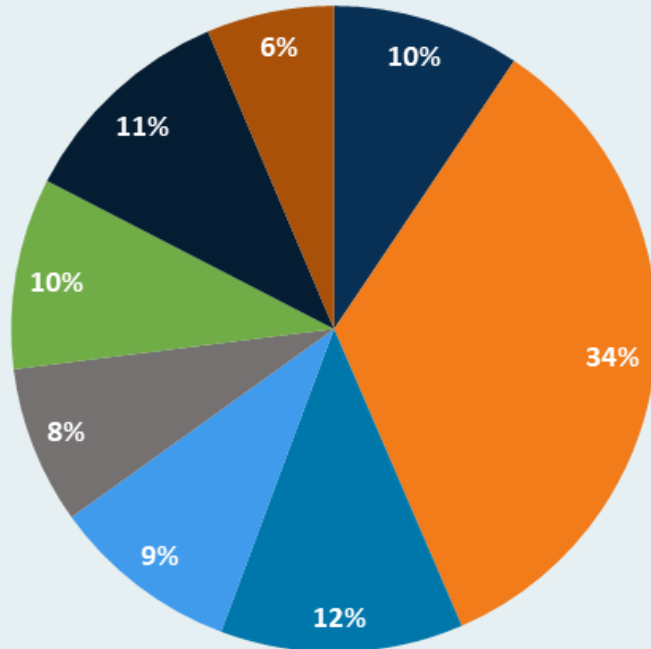
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| Use of Funds (£m)   | 1<br>Technology | 2<br>Capex | 3<br>Working Capital | 4<br>Company Development |
|---------------------|-----------------|------------|----------------------|--------------------------|
| Bessemer Park       | £50m            | £170m      | £40m                 | £45m                     |
| UK Gigafactory 2.0  |                 |            |                      |                          |
| Automated Factory 2 |                 |            |                      |                          |
| Total               | 16%             | 56%        | 13%                  | 15%                      |

| Factory Rollout            | 2022            | 2023                   | 2024             |
|----------------------------|-----------------|------------------------|------------------|
| Bessemer Park              | Semi Automation |                        |                  |
| UK Gigafactory 2.0         | In Development  | Automation Development |                  |
| Automated Factory 2        | In Development  | In Build               | Pilot Automation |
| Total Annual Capacity (GW) | 300MW to 1.0GW  | 1GW to 2.5GW           | 2.5GW to 5GW     |

**Bauen capital raise and cash in balance sheet will fund the next stage of ITM Power growth**

### 1 Technology Initiatives Use of Funds | £50m



- Technology Development:**  
Accelerate technology development at scale
- Headcount:**  
Investing in team development and growth
- Product Development:**  
Accelerate product improvement & development
- Product Test:**  
Reduce time for product test, more robust product validation
- Performance Improvement:**  
Product operating cost reduction
- Ultra Low PGM:**  
Product cost reduction, supply chain optimisation
- Cost Reduction:**  
Product cost reduction & product simplification
- Operations:**  
Reduce time for stack test, simplify in-field stack logistics

Technology opportunity

### 2 3 2.5GW Factory Finance Model | Example

#### Per-factory Economics:

- Capex spend £50m-65m
- Working capital to breakeven £40m
- Cash break-even by year 5
- Year 5 sales of c.£300m

#### Targets by Year 10

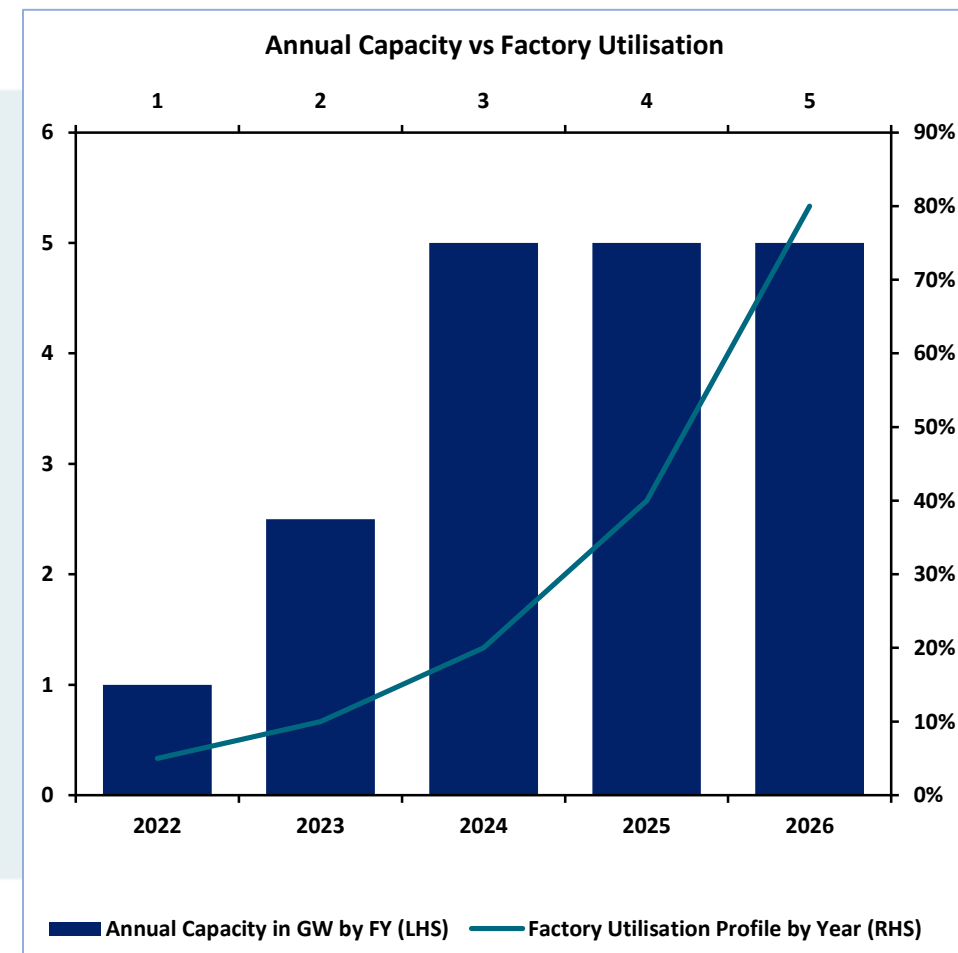
- Sales of c.£430m per annum
- Gross Margin >30%
- EBIT margin in excess of 15%

#### Country Considerations:

- Developed in collaboration with Linde
- Announced national strategy
- Visibility on GW Demand

#### Site Considerations:

- Low cost renewable power
- Skilled labour
- Power & supply chain infrastructure



**Total cash cost per factory of c.£90m with break-even by year 5**

### Ensuring ITM Remains a Market Leader in Green Electrolysis

- Step-change in government and corporate commitments to electrolyser projects
- ITM well placed to take advantage of this material market opportunity
- Significant investment required to capture this growth
- By 2024 the company is targeting 5GW of installed annual manufacturing capacity
- This includes the first international Gigafactory, directly servicing overseas customers
- Technology and R&D spend will enable ITM to maintain competitive advantage
- The raise of £250m plus current cash will fund ITM's growth to a 5GW capacity

Shell 10MW electrolyser, Rhineland Refinery, Germany



**Bauen critical to delivering this transformational multi-year, global growth strategy**



# ITM Power | Project Bauen

October 2021

