ITM POWER

Capital Market Day

31 January 2024

1. 12-month plan
2. Vision & values
3. Market update & strategic priorities
4. Financial results & full-year guidance

12-month plan completed

Welcome to the "new ITM"

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What we promised:

1. Concentrate on a narrowed product portfolio for volume manufacturing.
2. Improve capital discipline by a cost reduction programme, and by professional processes for the future.
3. Debottleneck fabrication and testing, and invest into incremental automation.

What we delivered in (just) 12 months:

- ✓ Portfolio rationalised; 12 legacy product variants discontinued
- ✓ Leading PEM technology translated into repeatable volume products
- ✓ POSEIDON 20 MW core electrolysis module released
- ✓ Hybrid Stack launched, offering 10% efficiency upgrade to operators of legacy products
- ✓ Regional product compliance substantially enlarged, and asset-light US market entry pursued

- ✓ Costs significantly reduced, and fundamentally tightened rigour applied to capital spend
- ✓ Headcount reduced by 30%, org. structure refined, and capabilities professionalised
- ✓ Foundation of processes and controls laid, incl. design freezes and robust validation
- ✓ Quality over quantity policy introduced; failure rates down substantially
- ✓ Project performance and delivery credibility visibly improved; and embraced by customers
- ✓ Motive Fuels JV share sold, freeing up £28m of ringfenced capital

- ✓ Product testing capacity expanded, and fabrication automation implemented as planned; ongoing factory expansion enables further progression of layout and automation
- ✓ Supply chain actively advanced; strategic collaborations concluded with leading suppliers for essential components, adding to our delivery credibility as stack volumes grow
- ✓ ITM Power Germany opened as our EU aftersales hub, and home to various functions incl. BD

- ✓ And much more…

Our product portfolio

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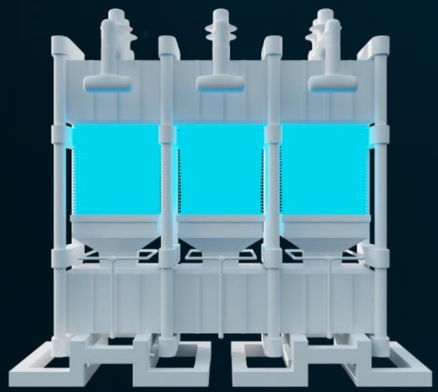
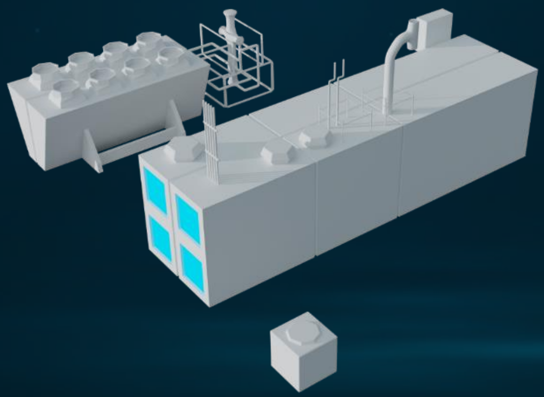
TRIDENT HYBRID

Leading PEM electrolyser stack technology



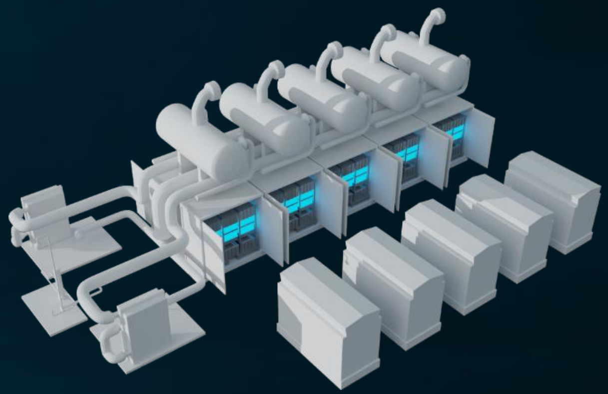
NEPTUNE

2 MW plug & play electrolyser for small to mid-size projects



POSEIDON

Cutting-edge 20 MW module for large-scale projects



Project impressions

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RWE, Lingen, 200 MW:

ITM and Linde delivering world's largest PEM electrolyser in physical build today

Yara, Porsgrunn, 24 MW:

ITM and Linde delivering the world's first "green hydrogen for green ammonia" plant

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Vision & Values

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With:

- Safety at the heart of everything we do
- Innovation in our DNA
- Superior technology
- Precision manufacturing
- Integrity and respect

We:

- Deliver the world's best electrolysers
- Scale our operations profitably to meet the rising demand
- Grow our global footprint and reach
- Challenge ourselves to become better than yesterday, everyday

To:

- Help customers decarbonise their operations
- Drive sustainable change within industry, government, and society
- Accelerate the world's transition to Net Zero
- Increase shareholder value

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Long-term rationale for hydrogen

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90% of global electricity expansion expected to be renewables[1]

613 Mt per annum of clean hydrogen production expected by 2050, with 2/3 of it being green (currently 0.7 Mt)[2]

5 TW electrolyser capacity required[2]

€335-471bn of investments in green hydrogen foreseen by the EU

$370bn of investments forecasted by the US via the IRA

- Consensus that green hydrogen is the enabler of a successful energy transition for grid balancing and decarbonising especially hard-to-abate industries (30% of global emissions today).
- Governments all over the world are creating environments conducive to investment, including grant funding and increasing carbon taxation, whilst pro-actively investing into infrastructure for hydrogen transport and storage which is essential for a cross-border hydrogen economy.
- Green hydrogen is becoming a massive market and opportunity!

1) International Energy Agency (IEA), 5-year outlook
2) International Renewables Energy Agency (IRENA)

Spotlight – UK market accelerating

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- **Hydrogen Allocation Round (HAR)** mechanism to kickstart green hydrogen economy in the UK (7 rounds planned)
- Ambition of **1 GW electrolyser capacity** in operation or construction by 2025, and **5 GW by 2030**
- **HAR1** contracts selected end of 2023, providing **£90m of CAPEX funding**[1] and **£2bn of revenue support**[2] for 125 MW (output) across 11 projects
- **HAR2** earmarks up to **875 MW**, HAR3 and HAR4 up to 750 MW each

ITM is best positioned to supply into UK projects

- The Green Industries Growth Accelerator (GIGA) scheme foresees **£960m funding for manufacturing** clean energy technologies, incl. electrolysers
- Public announcement of the programme by **Jeremy Hunt at ITM's premises** in November '23

1) via the Net Zero Hydrogen Fund
2) via the Hydrogen Production Business Model

Short-term developments

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- Electrolyser **market still immature**, with lots of ‘noise’ but only few technologies commercially credible. Market consolidation has started.
- Competitors increasingly facing issues, while **ITM stronger than ever**.
- **Customers need assurance** of product, technology and large-scale delivery credibility; all areas in which **ITM is regarded a leader** today.
- Number and size of project enquiries growing significantly;
  FIDs to be unlocked through the normalisation of today’s inflation,
  peak energy prices, and cost of capital.
- In contrast, **the UK market**, previously lagging behing the EU, has started to accelerate, **offering ITM near-term opportunities**.

Underlying long-term trajectory for green hydrogen excellent, and unchanged.

In the short term, industrial scale-up will be incremental.
Momentum will accelerate exponentially over time.

Therefore, there is a need for readiness and flexibility, whilst managing cash commitments carefully.

Strategic priorities,
acknowledging the need for readiness and flexibility, whilst managing cash carefully

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1

Remain at the forefront of technology, product and delivery credibility

- Evolve our technology and products
- Extend portfolio to address emerging market needs, and be prepared for rapid scaling
- Evolve processes and capabilities in manufacturing, engineering, procurement, and services

2

Scale operations whilst retaining flexibility and conserving cash

- Incrementally deepen level of automation
- Grow capacity in line with commercial projects
- Focus on credible opportunities, capture significant market share through product and (large-scale) delivery performance

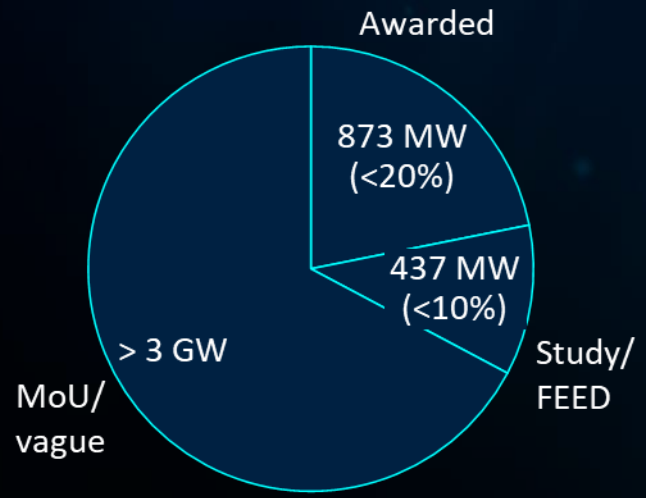
3

Grow global footprint and reach, while staying adaptable

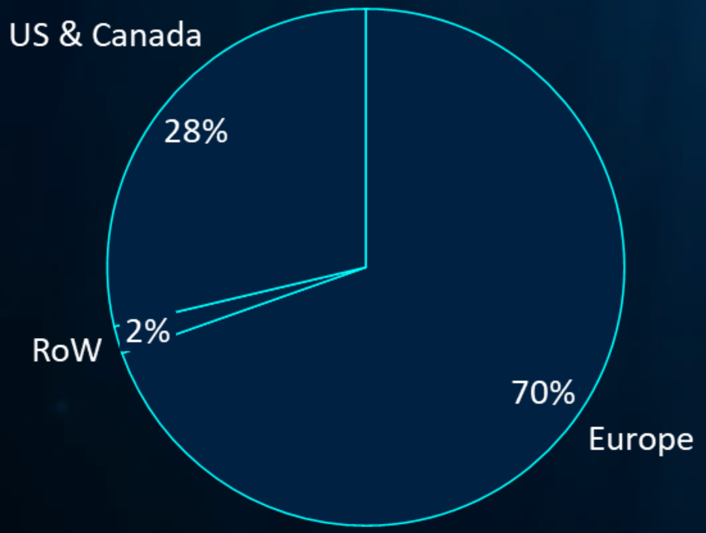
- Ensure appropriate setup in all attractive offtake regions; to be best positioned and prepared for rapid demand uptick
- Pursue asset-light product and service first approach, including further expanding regional product compliance

PEM market in the last 12 months

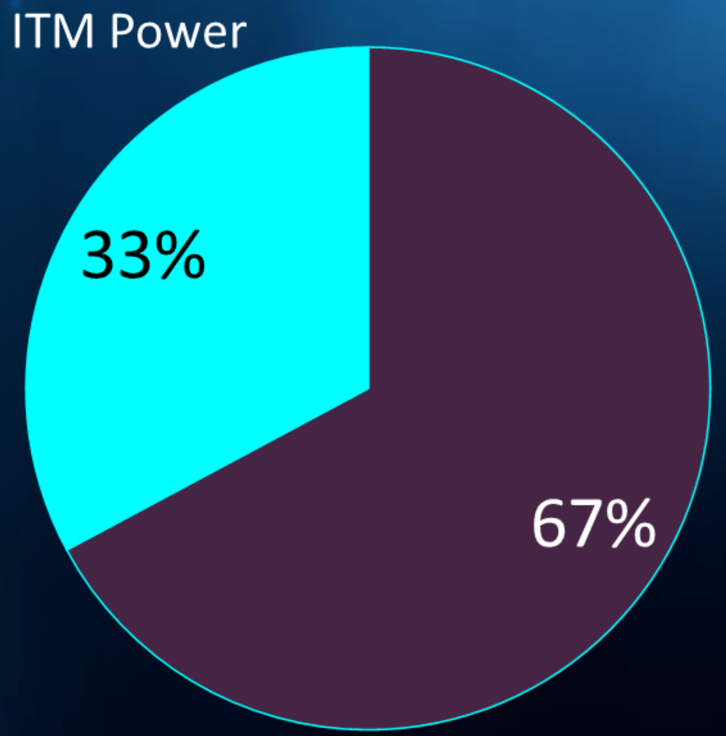
Global noise



Real projects



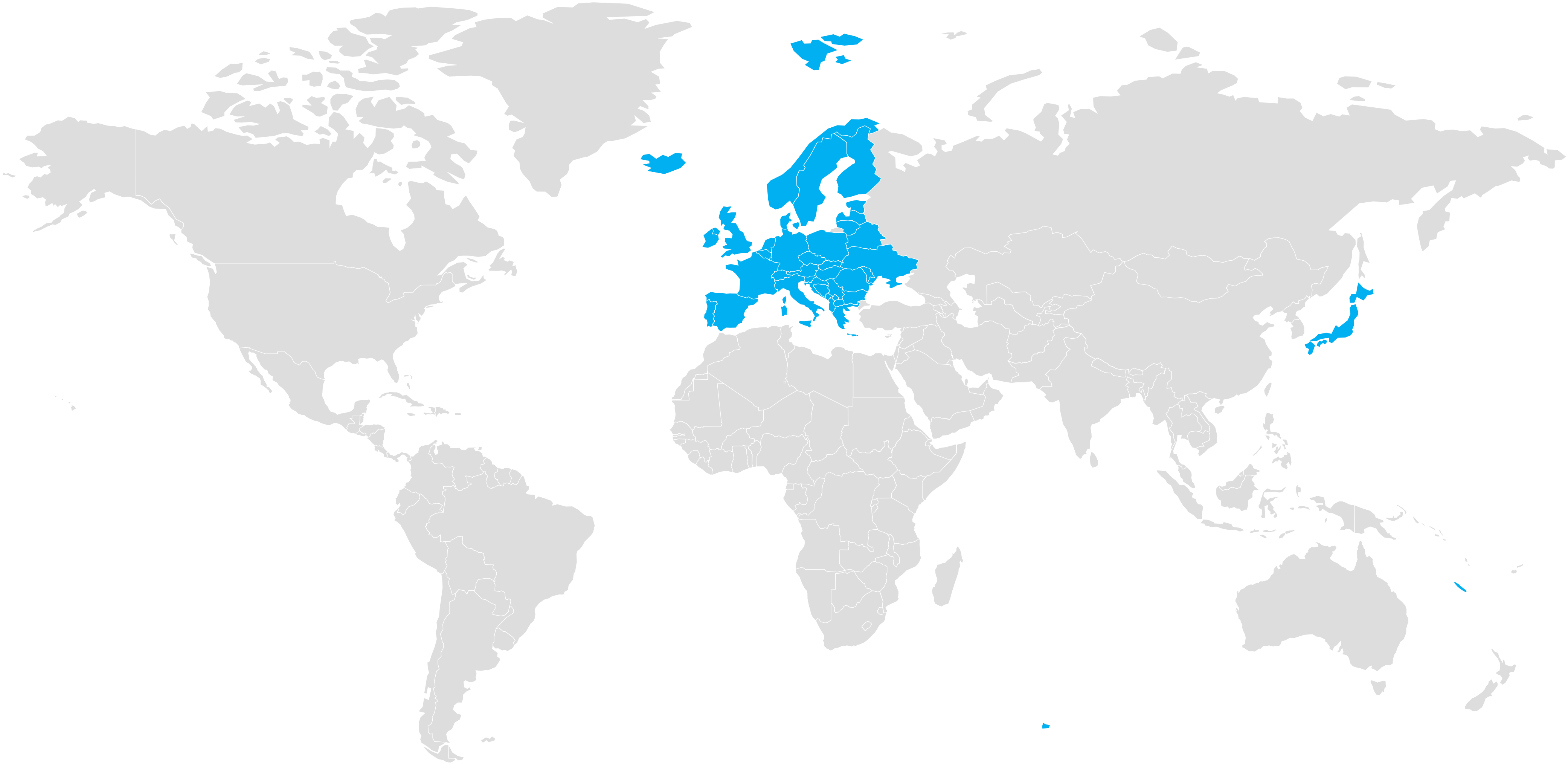
Europe market share



Company view for CY'23 based on publicly available information

Global reach – product compliance

Before our 12-month plan



Global reach – product compliance

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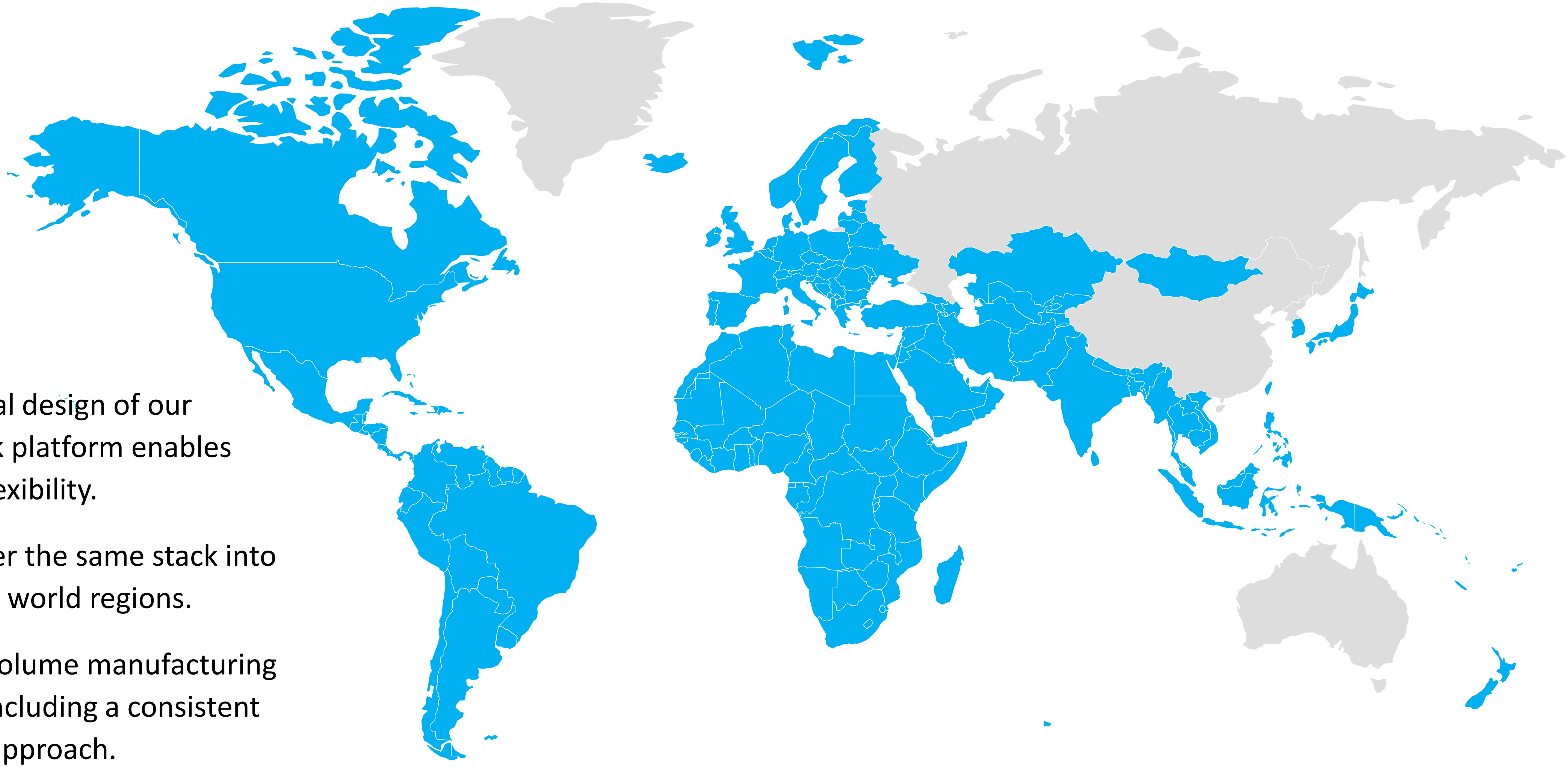
Today, after our 12-month plan



- The intentional design of our TRIDENT stack platform enables compliance flexibility.
- ITM can deliver the same stack into all highlighted world regions.
- This unlocks volume manufacturing advantages, including a consistent supply chain approach.

Global reach – product compliance

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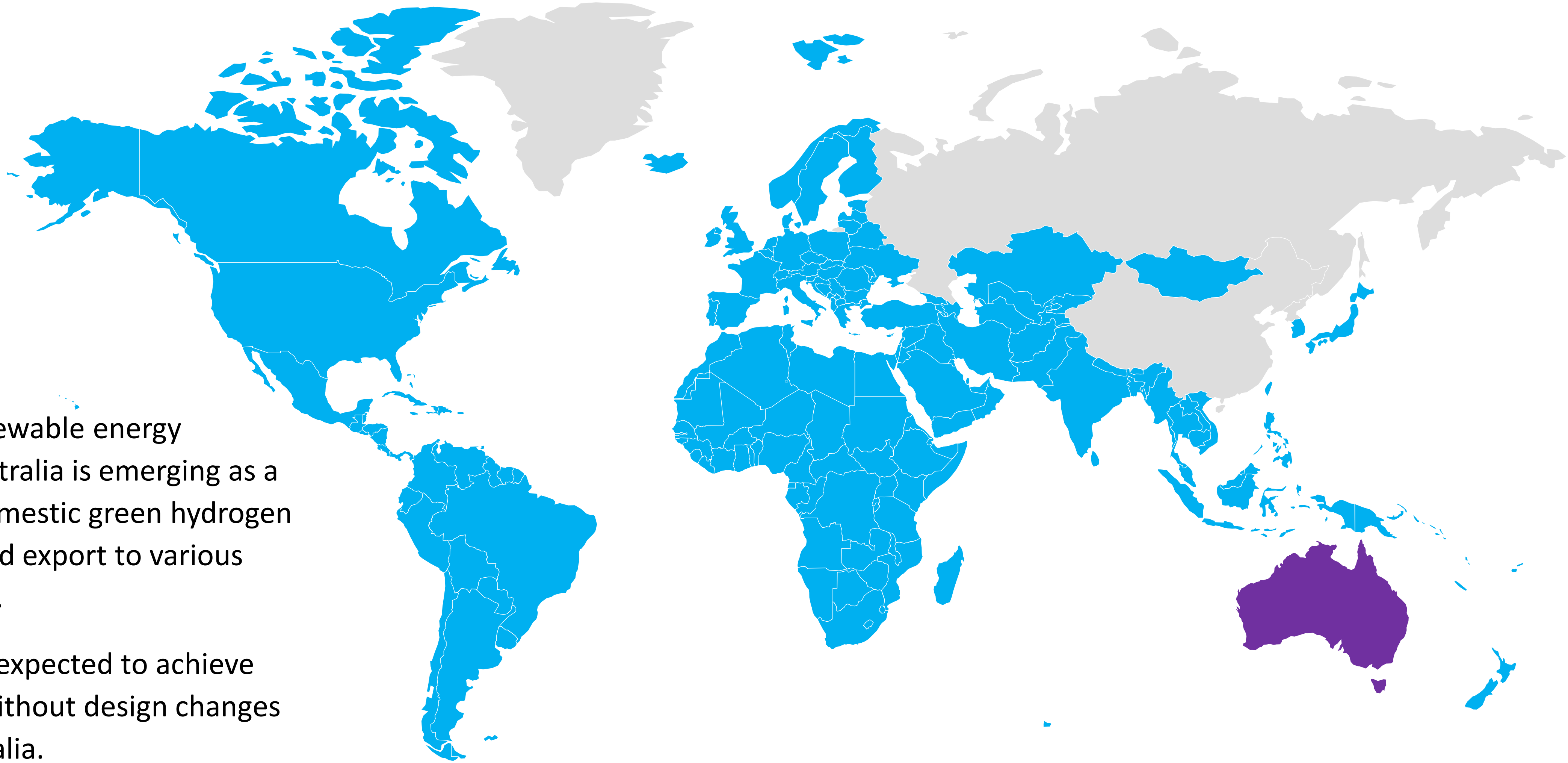
What's next?



- With vast renewable energy potential, Australia is emerging as a market for domestic green hydrogen generation and export to various world regions.
- ITM's stack is expected to achieve compliance without design changes also for Australia.

Future portfolio evolution – under development

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STACK & SKID | PLUG & PLAY | EPC MODULE

TRIDENT HYBRID

Evolution:

Incremental technology and design improvements via formal releases

CHRONOS

Portfolio addition:

Game-changing next gen higher capacity stack platform

(under development)

NEPTUNE

Evolution:

Incremental technology and design improvements via formal releases

Portfolio addition:

Larger capacity plug & play electrolyser unit for mid-size projects

(under development)

POSEIDON

Evolution:

Continuous improvement of module with every project executed

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Financial results H1

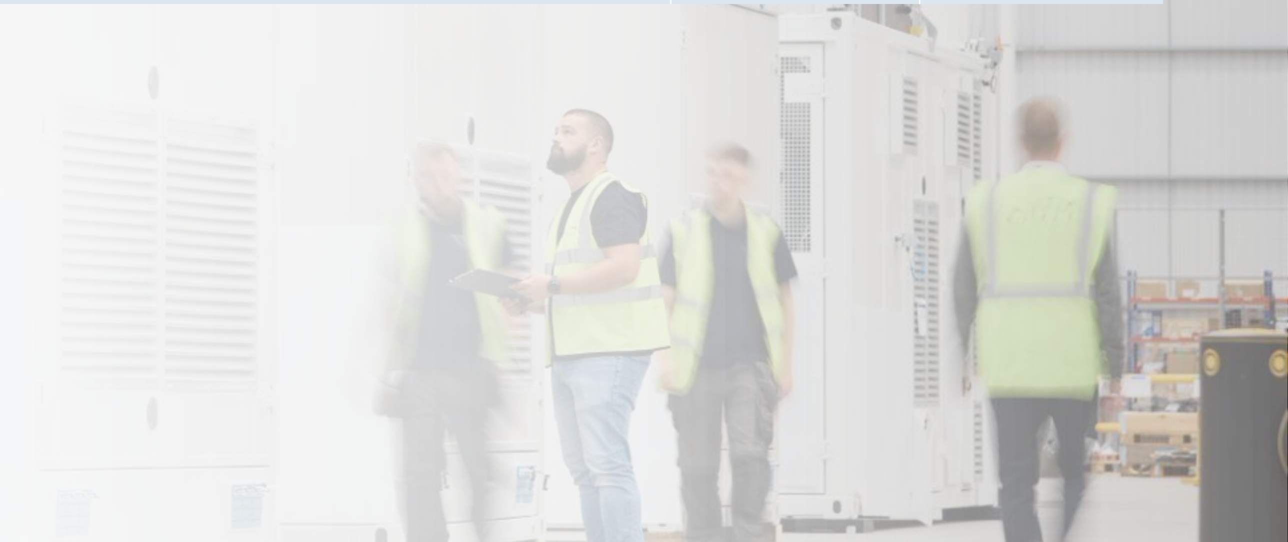
Revenue

- Driven predominantly by products; cube deliveries to Germany and a number of Neptune plug & play units.
- Further income recognised from consulting contracts.

Loss

- Significant reduction as a result of better management of in-flight contracts to reduce incremental provisions.
- Provisions made in the year primarily related to collaborative efforts with existing customers to trial new stacks in the field, being the fastest route to validation.
- Losses mainly driven by closing out of legacy projects, and macroeconomic conditions (inflation).
- Cost of quality before automation continued to contribute albeit with a significant improvement year-on-year from 12-month plan.

	H1 24 £m	H1 23 £m
Revenue	8.9	2.0
Gross loss	(8.2)	(45.6)
Adjusted EBITDA loss*	(21.0)	(54.1)
Cash	253.7	317.7
Decrease in cash in period	(28.8)	(48.1)



*In reporting EBITDA, management use the metric of adjusted EBITDA, to better reflect underlying performance and remove the effect of impairment, losses on disposal, and share based payments

Financial results H1 – cash flow

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Cash flow	£m	
Opening balance	**282.6**	
Adjusted EBITDA	(21.0)	
Increase in inventories	(18.0)	Including WIP[1], reflecting progress on projects not yet recognised as revenue
Working capital improvements (receivables and payables)	11.9	Includes £2.0m net release of provisions
Investment into factory automation and testing capacity	(5.7)	At existing Sheffield factory; includes downpayments on power upgrade
Investment into product development	(1.3)	Significant reduction on prior years as with emphasis on narrowed portfolio
Other	5.2	Includes £6.7m interest received
Movement	**(28.8)**	
Closing balance	**253.7**	

Spotlight on inventory

Increase in net stock of £18m driven by three factors:

- Delays to customer collection of units: ITM moved from a position of being on the critical path in almost every project to starting to exceed site timelines, leading to increased stock stored at ITM
- Increase in products bought in (particularly precious metals) to control downside risk in volatile markets
- Conversion of raw materials to WIP[1] as products are manufactured
- A need to further strengthen control processes and activities within the factory

1) Work In Progress

FY'24 guidance

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Previous guidance	Revised guidance
Revenue of £10-18m 2-3x increase compared to FY23	**Revenue of £10-18m** Unchanged
EBITDA losses of £45-55m Profitability improving with growing sales	**EBITDA losses of £45-50m** Range narrowed
CAPEX £35-45m Expansion, automation, products	**CAPEX £15-25m** Savings achieved
Cash at year end £175-200m Strong balance sheet positioned for growth	**Cash at year end £200-220m** In line with CAPEX improvement

Spotlight on CAPEX

- **We will achieve what we set out to do, with less money**, incl. production capacity and automation increase.
- Having lowered spend by circa £20m, residual CAPEX plans remain unchanged.

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Thank you for your attention