

# Interim Results Presentation:

London | February 2020

Graham Cooley, CEO | Andy Allen, CFO

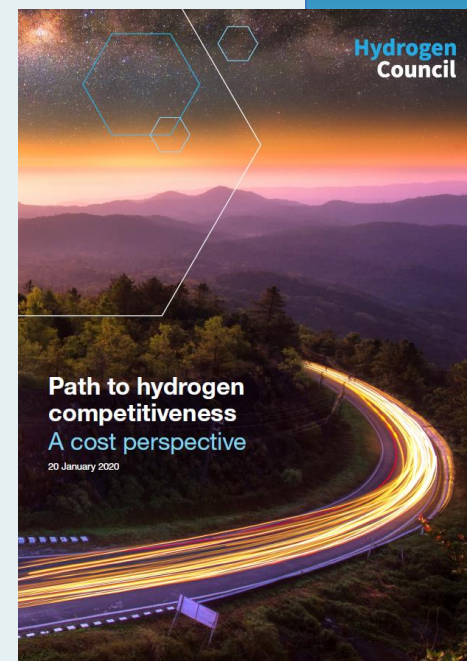


### Strong commercial and operational progress in H1 2020


- Transformative £58.8m fundraise and strategic investment by Linde
- Formation of JV with Linde focusing on large scale industrial projects
- Lease for new 1GW factory signed | Lead contractor appointed
- Growth in qualified tender opportunity pipeline
- Board strengthened with new Chairman and NXDs | focussed on governance
- Improved income mix (revenue up 100%) | offset by expected decline in grants
- The macro picture for hydrogen is accelerating



**Net Zero  
Technical report**  
Committee on Climate Change  
May 2019



Global: 70GW in 2020s



UK: 6GW to 17GW of  
electrolysis by 2050

The graphic shows a stylized green city skyline on a blue globe, with a green arrow pointing upwards, symbolizing growth and progress.

**Hydrogen Council: Once electrolyzers pass 70GW in 2020s, Green H<sub>2</sub> will be as cheap as Brown H<sub>2</sub>**

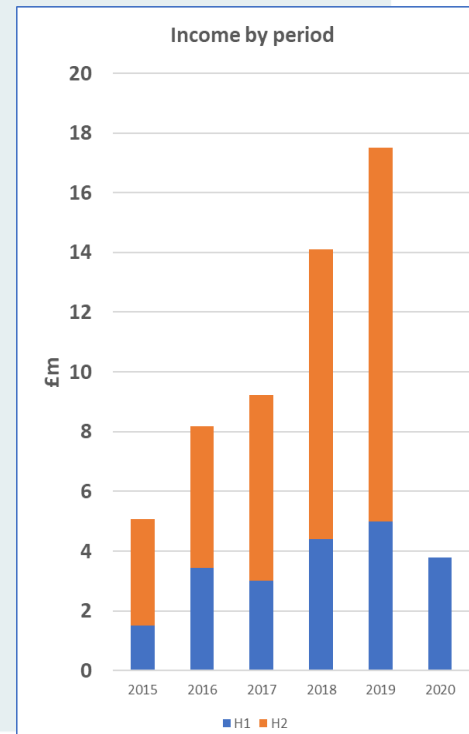
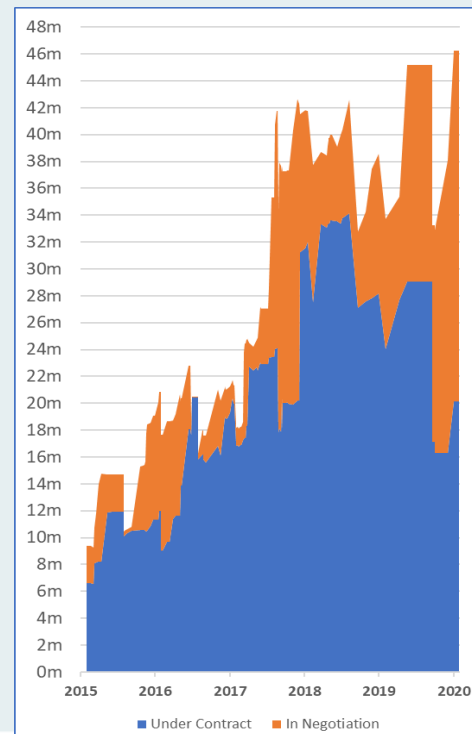
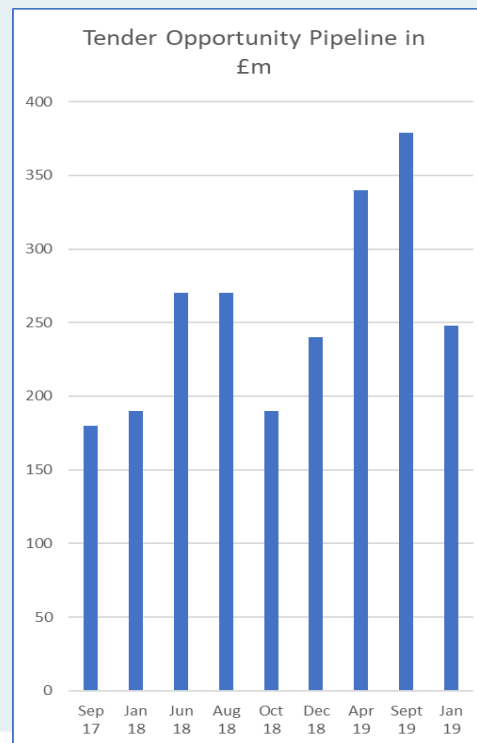
### Tenders

### Backlog

### Income

#### Strong upward trend:

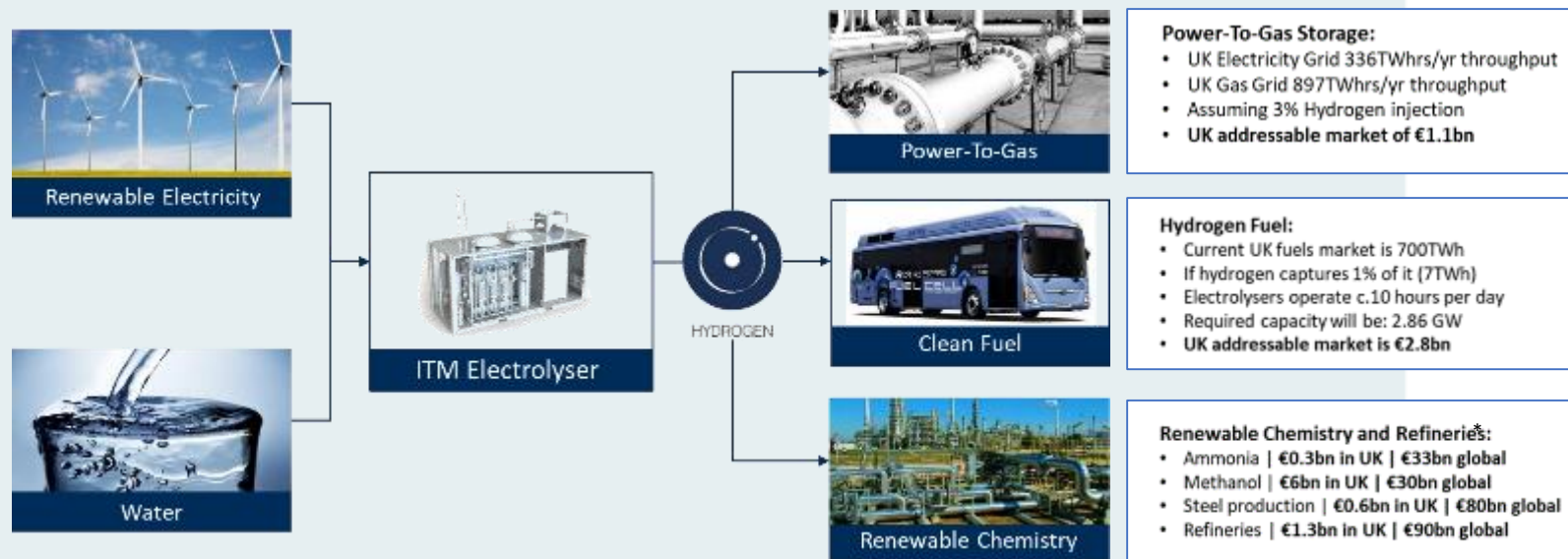
- Tender pipeline £248m+
- Backlog: £42.4m
- 2019 FY Revenue: £17.6m up 25%



Revenue | Backlog | Tender Pipeline | All showing progress

### Commercial Rationale:

- RE reducing in cost significantly
- RE needs energy storage
- Green Hydrogen now cost competitive
- Multi £bn global addressable markets
- Refinery electrolyser market is ~€90bn\*
- Market pull for green hydrogen
- Regulatory push for green hydrogen



\*potential electrolyser sales based on 10% of global market requirements met by low-carbon hydrogen

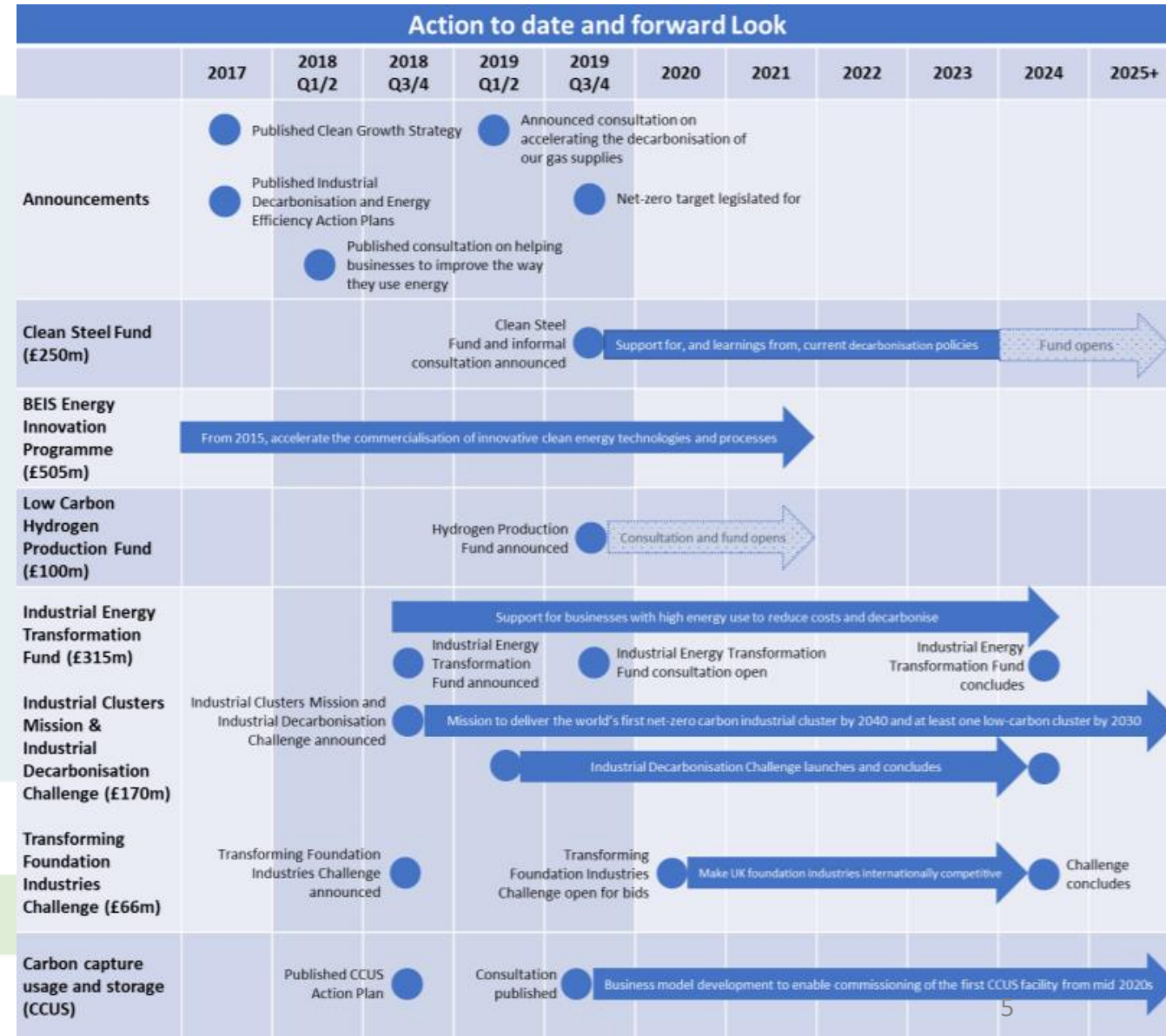




### UK Gov | Industrial Strategy Funds:

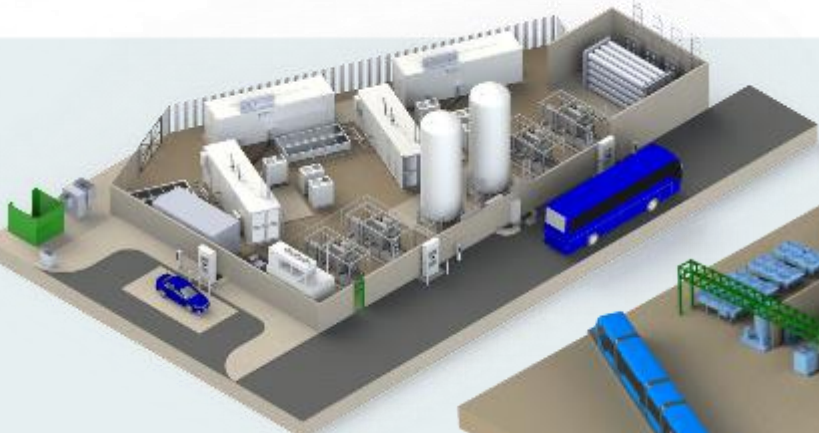
- Clean Steel Fund | £250m
- BEIS Energy Innovation Programme | £505m
- Low Carbon H2 Production Fund | £100m
- Industrial Energy Transformation Fund | £315m
- Industrial Cluster Challenge Fund | £170m
- Transforming Foundation Industries | £66m
- Carbon Capture and Use (CCUS) Fund | TBC

**UK Gov. ISCF Programme | £1.4bn**




# MARKET OFFERING | 2MW TO 10MW

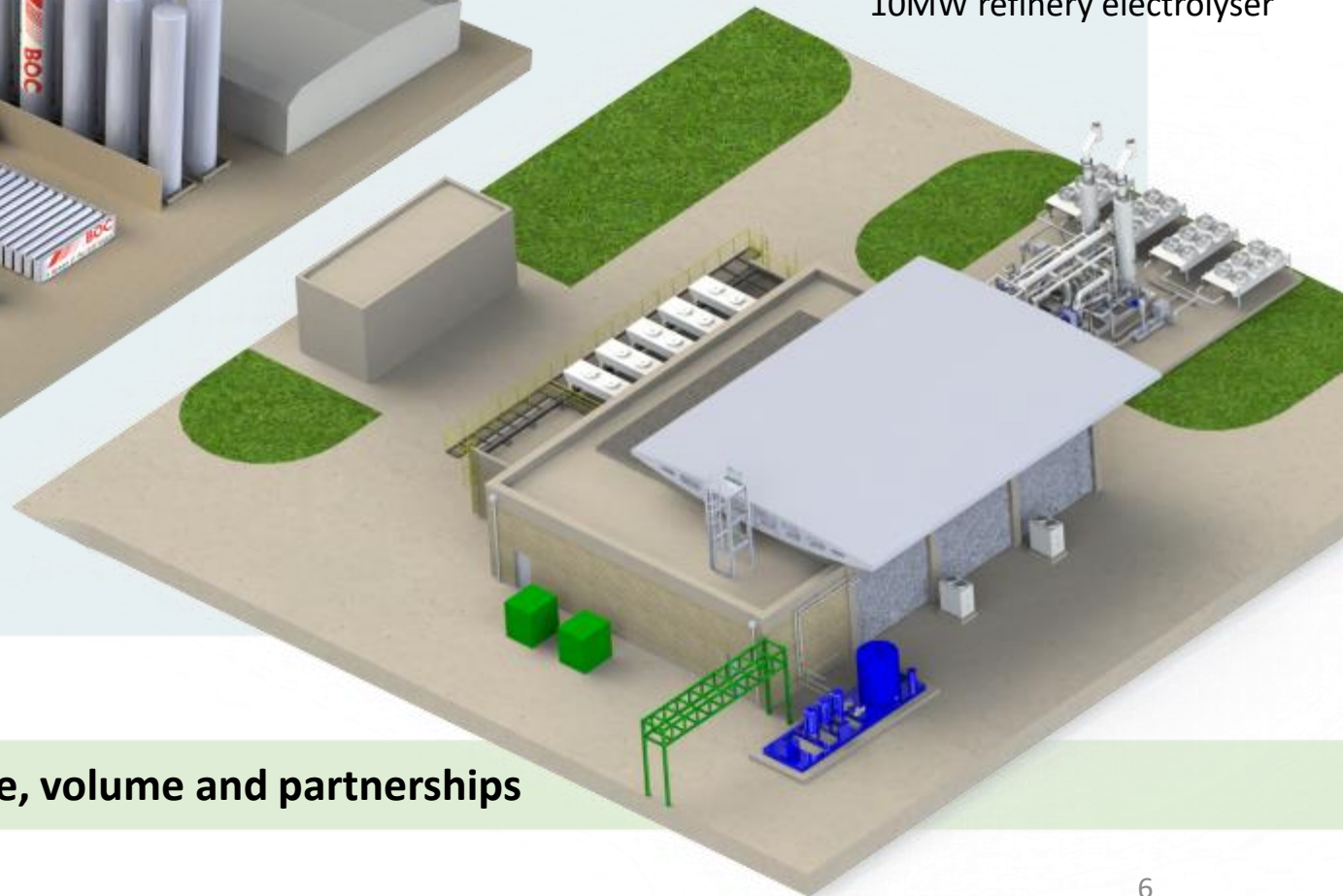
## HYDROGEN ENERGY SYSTEMS



**Containerised Products:**  
3MW refuelling hub



**Skid Mounted Products:**  
8MW train refuelling station



**Building Housed Products:**  
10MW refinery electrolyser

**Building a profitable business through scale, volume and partnerships**

### Who are Linde?

- World's largest speciality gas company
- Revenue: \$28bn | 80k employees (2018)
- Linde world leader in hydrogen Build Own & Operate

### Scope of JV

- Focussed on large scale industrial hydrogen (10MW+)
- JV generates sales to fill the ITM Power factory
- Initial cash of £4m, 8 staff, supervisory panel and NXD

### Commercial Rationale for the JV

- 5 years of successful collaboration
- Linde EPC leaves ITM to concentrate on electrolysis
- Market access from Linde global customer base

**Scaling up our hydrogen energy systems**

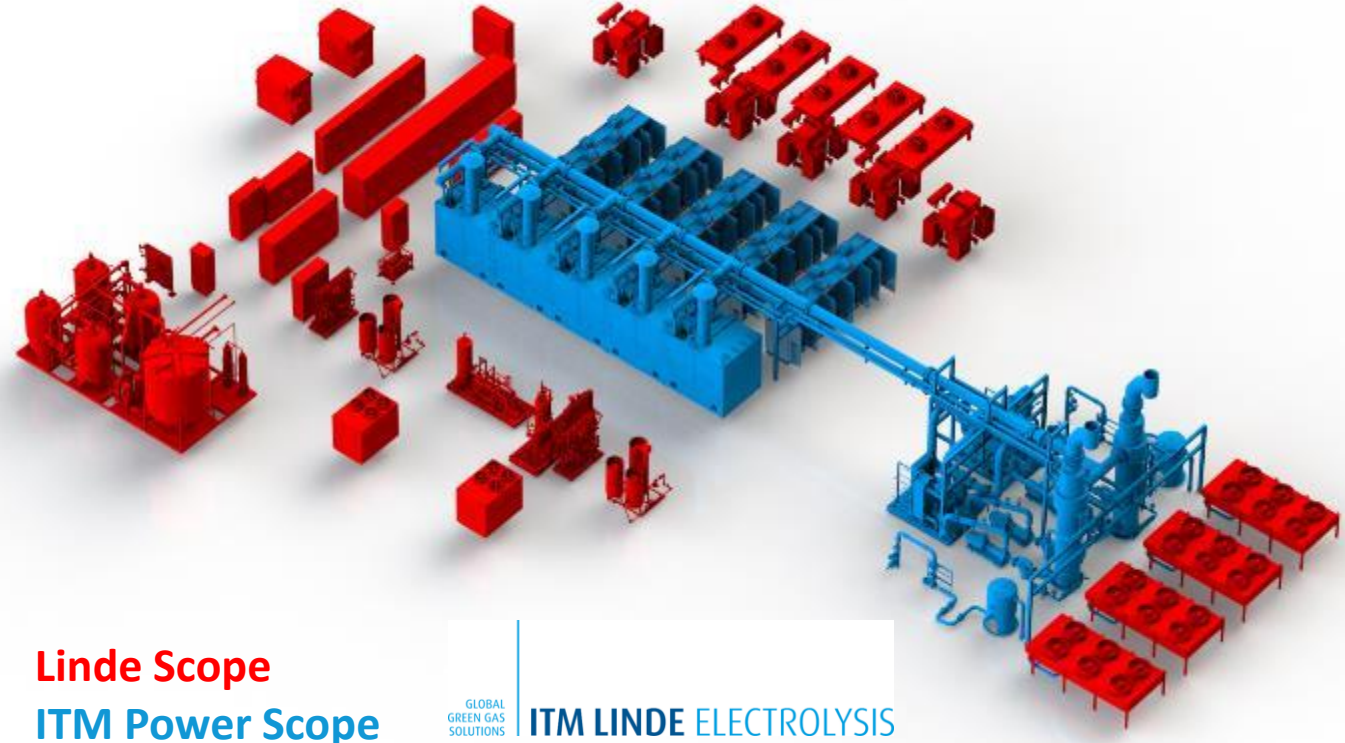




### 10MW PEM electrolyser systems

- Flagship 10MW project with Shell
- Largest PEM electrolyser in the world at deployment
- Largest refinery in Germany
- Benefit of Shell engineering & permitting rigour
- Excellent reference plant & customer
- Generates engagement from the refinery sector
- EPC partner required to scale similar projects

### 10MW Potential JV project



**Building the world's first 10MW PEM electrolysis plant at Rhineland refinery, Germany**



### Shell | Refhyne

- Permit to commence site construction granted (record time)
- £1.9m write down due to EPC overspend
- Project team continue to push ITM hard
- Refinery seniors very positive about progress
- FAT of 2MW modules & control system are rate limiting steps
- Commitment to first hydrogen in Q4 2020



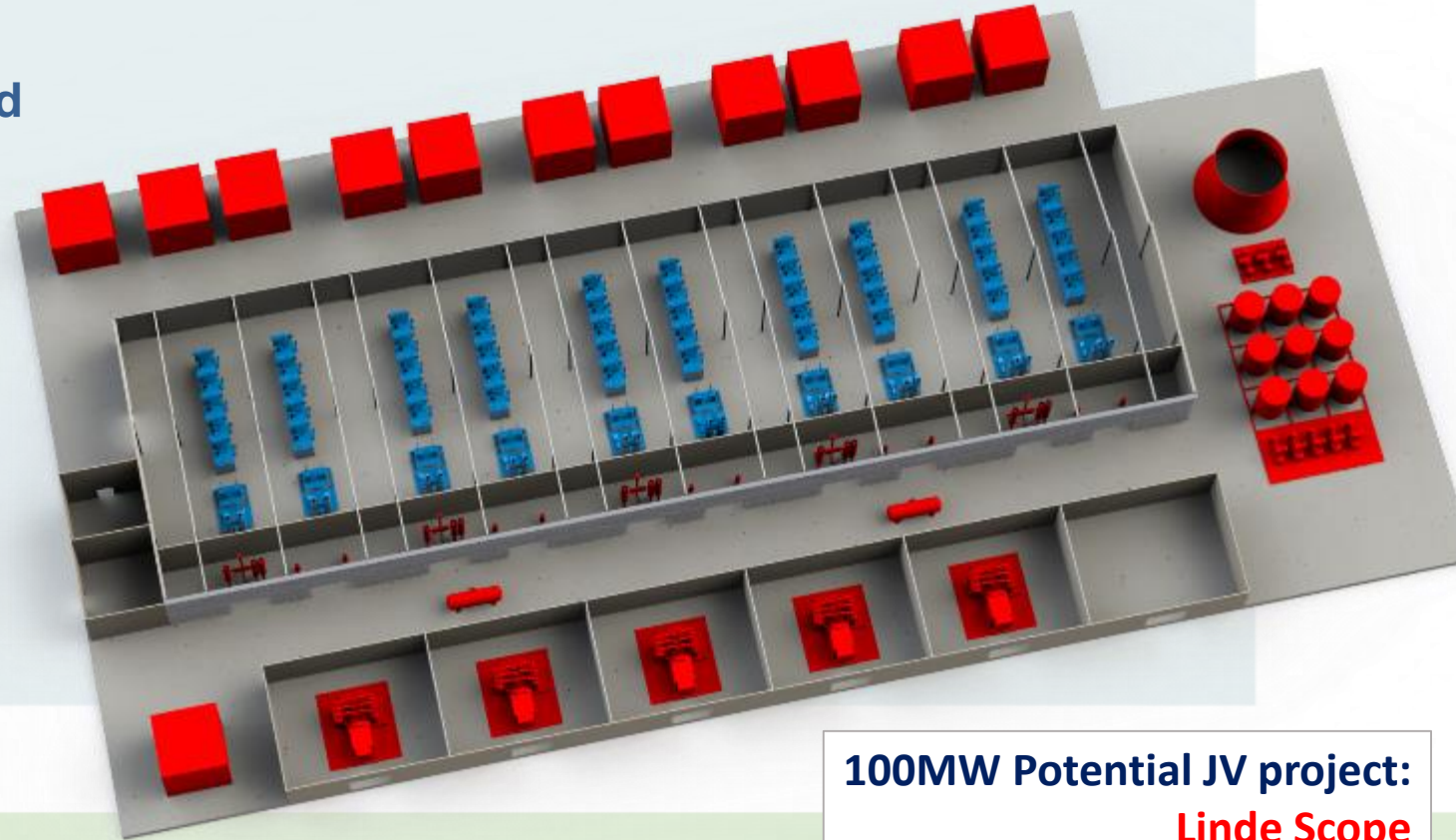
Two of the five Refhyne standard 2MW modules



**RED II inclusion of Refinery Hydrogen | 10MW is 1% of the Refinery's demand.**

### Feasibility in Progress | FEED study needed

- FEED studies bid by the Linde JV
- Linde to lead projects as EPC
- Sales channel from Linde and ITM Power
- Strong existing customer base
- World leading positioning
- Low cost energy storage and green hydrogen



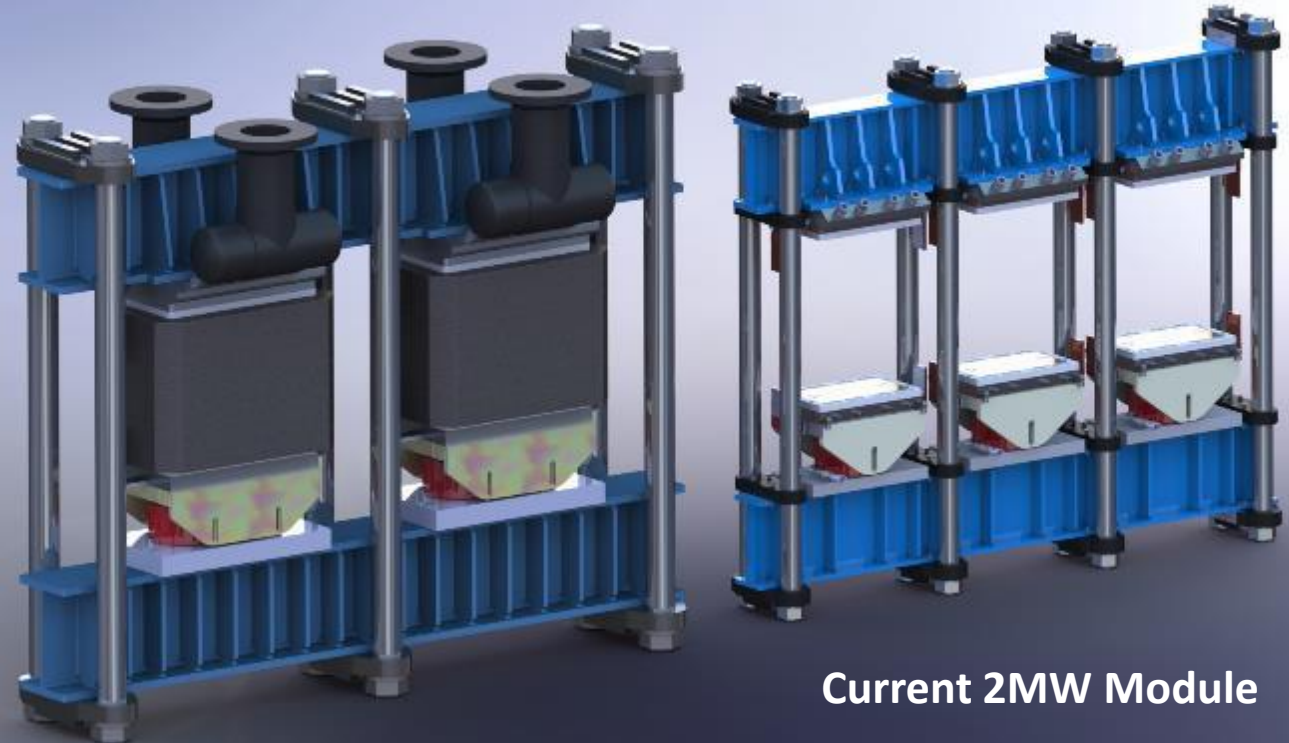
Scaling up our hydrogen energy systems

**100MW Potential JV project:**  
**Linde Scope**  
**ITM Power Scope**

### 5MW Module Development:

- Provisional spec is 2.1 tonne of H<sub>2</sub> per day
- Developed in parallel with manufacturing processes
- From 15 stacks to 4 stacks for 10MW module
- Design integration techniques reduce BoP costs
- Developed for 50, 100, 500MW plants
- First hydrogen scheduled for Q4 2020

### 5MW Module Development



Current 2MW Module

**Continuous product improvement and cost reduction**



### Bessemer Park progress:

- Prime contractor selected | Clegg Construction
- Contract to be signed 14<sup>th</sup> Jan 2020
- Timescales are currently on target



ITM Power: Bessemer Park, 1GW per annum electrolyser manufacturing facility

1,820 views • Oct 30, 2019

46 1 SHARE SAVE ...

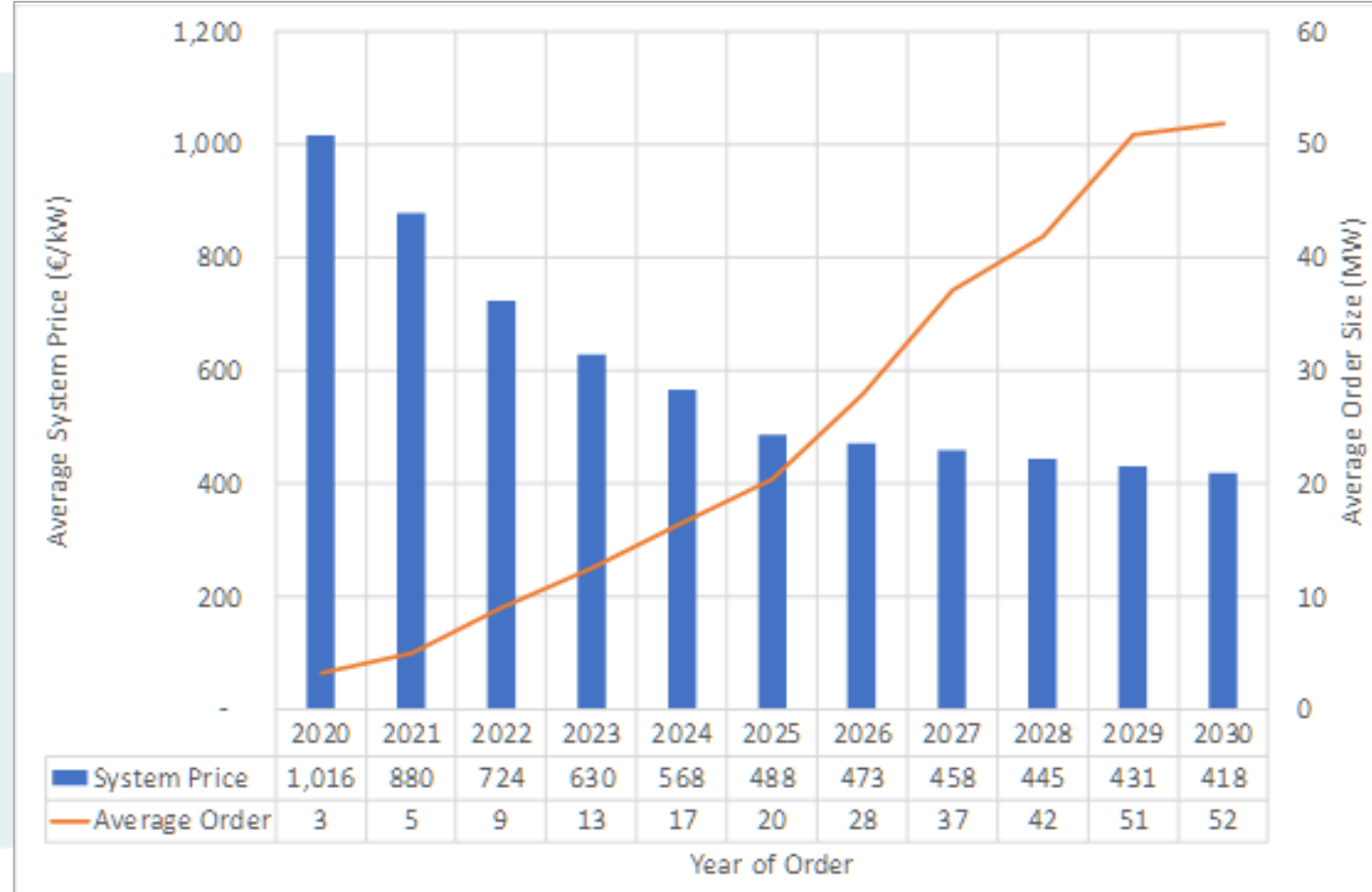


### ITM Electrolyser Cost Projections

- Based on standardised modular system

#### Enablers for cost reduction:

- Manufacturing volume
- Factory semi-automation
- System sizes to grow over time
- Continuous technology improvements



**<€1,000/kW today @ MW scale | <€800/kW @ 10MW | <€500/kW by mid 2020's**

## Interim Results

- Summary of H1 2020 Results
- P&L Bridge
- Employees
- Cash Bridge
- Pipeline Analysis
- Tender Pipeline Analysis



**£42.4M Under Contract or in Negotiation**



### Total income: £3.8m (£5.0m), comprising:

- Revenue: £2.4m (£1.2m)
- Grant income plus grants receivable for capital projects: £1.4m (£3.8m)
- As in previous years, revenue is expected to be weighted towards the second half

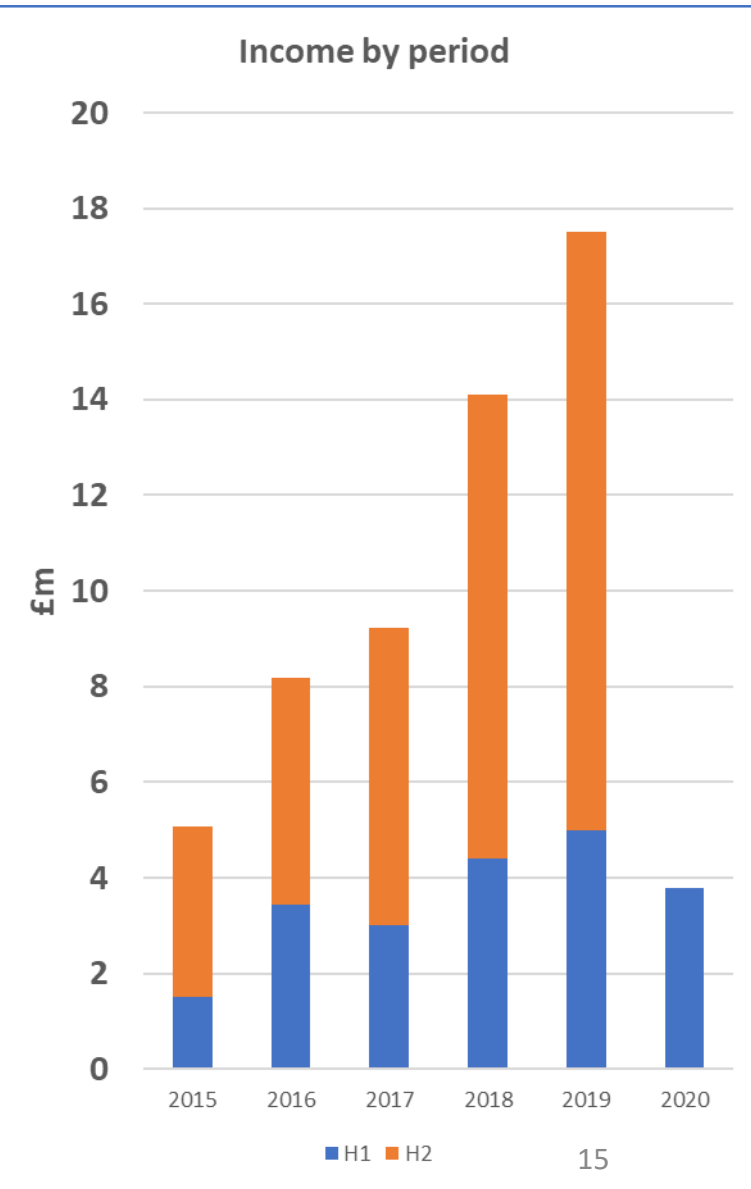
### Loss from operations: £9.8m (£5.3m)

- Includes a provision for loss of £1.9m on the Shell Refhyne project
- Includes 'legacy' projects with higher than expected installation costs

### Strong balance sheet:

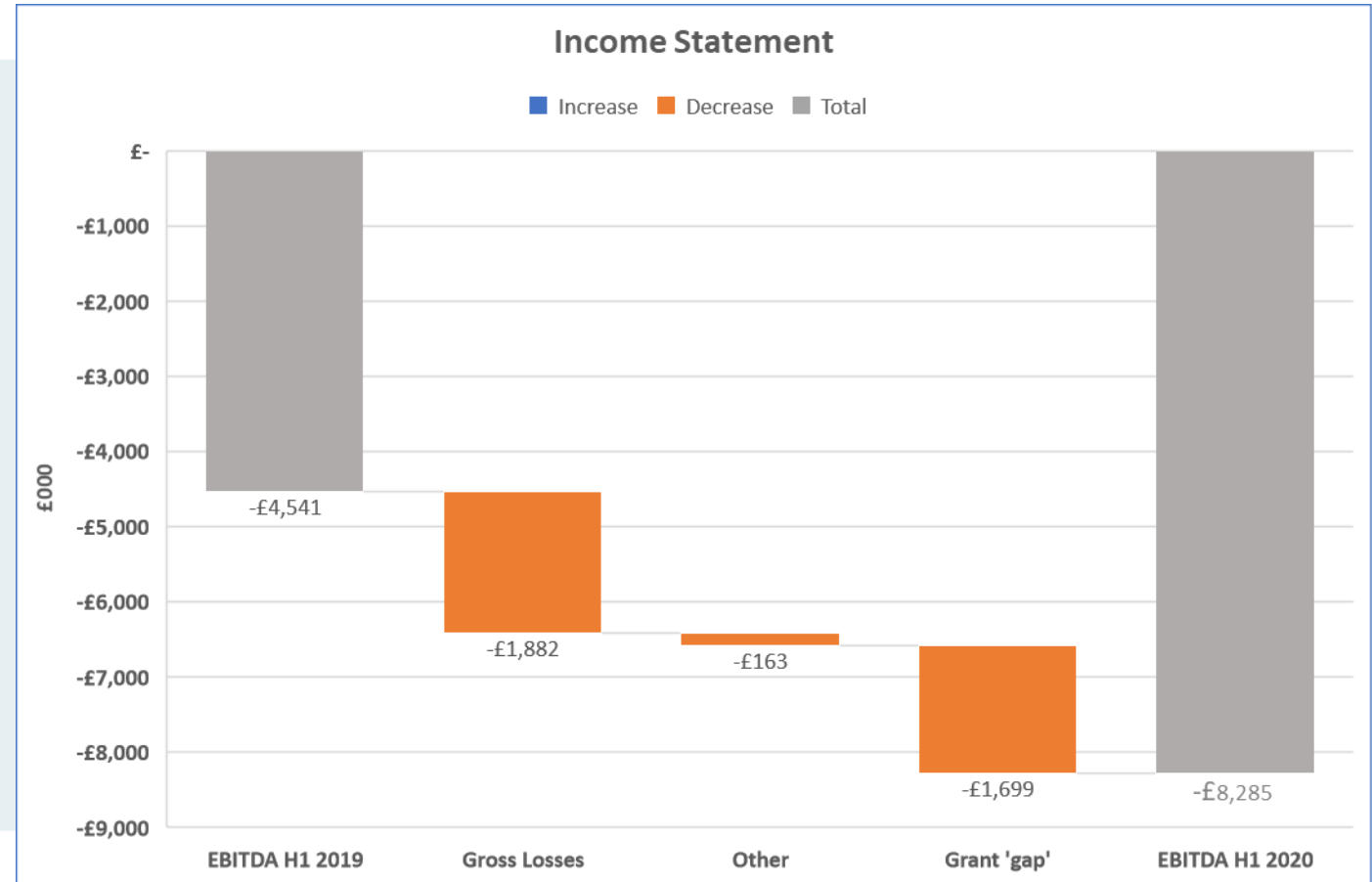
- Balance Sheet strength: £56.9m cash on balance sheet
- £9.4m of revenue generating assets

Revenue | Losses | Balance Sheet



## P&L Bridge:

- Gross losses: Learning in deployment
  - Case for the Joint venture
- Other: Investing in future resources (Payroll)
- Grant gap: sharper decline than anticipated:
  - Transition to a sales organisation
  - Funding still sought for product roadmap

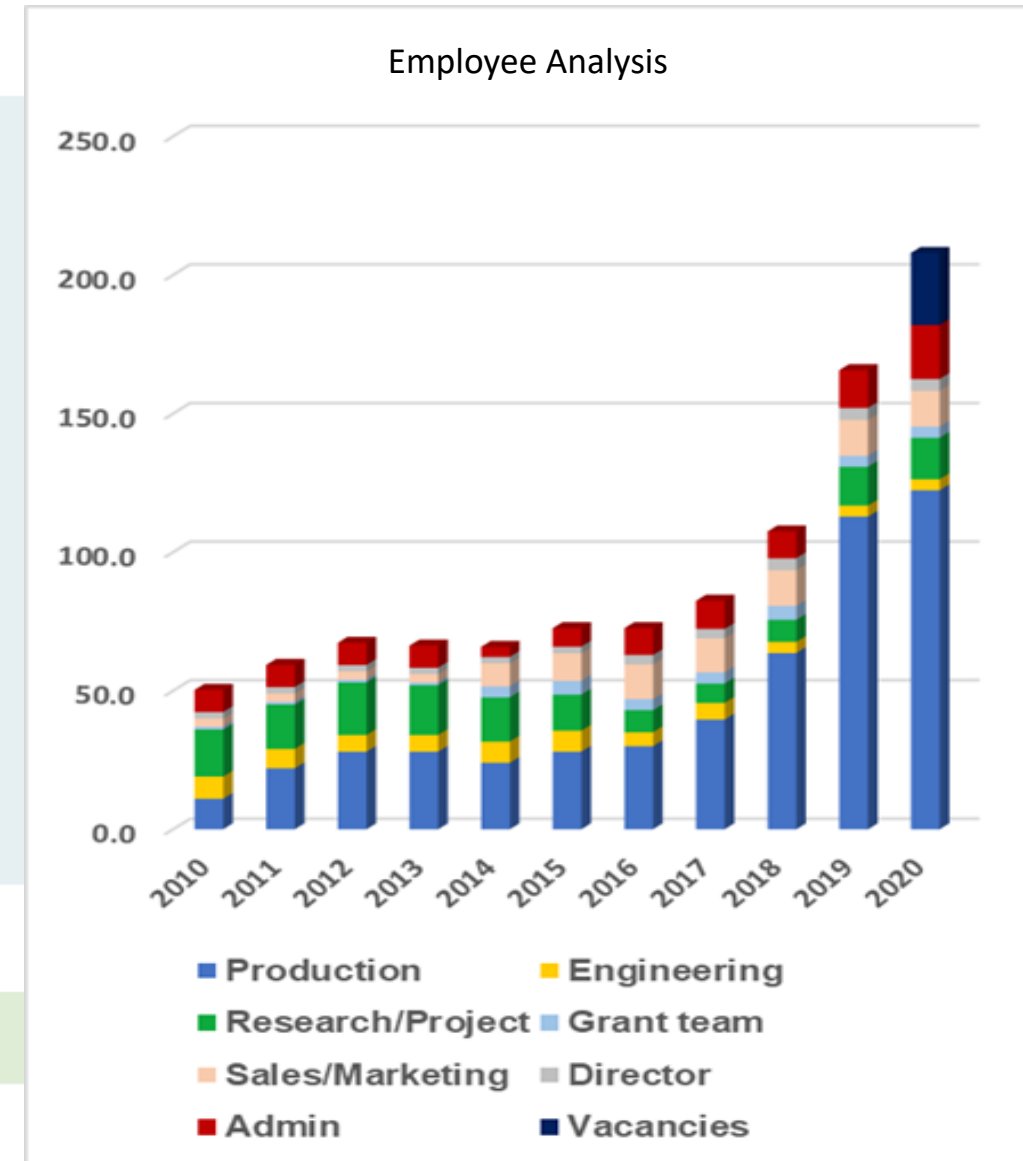


## Financial performance

### ITM Power Employee Analysis:

- A changing workforce representing skills investment:
- Driven by scaling production
- Senior production appointment
- Project management has also increased
- Other areas have remained unchanged

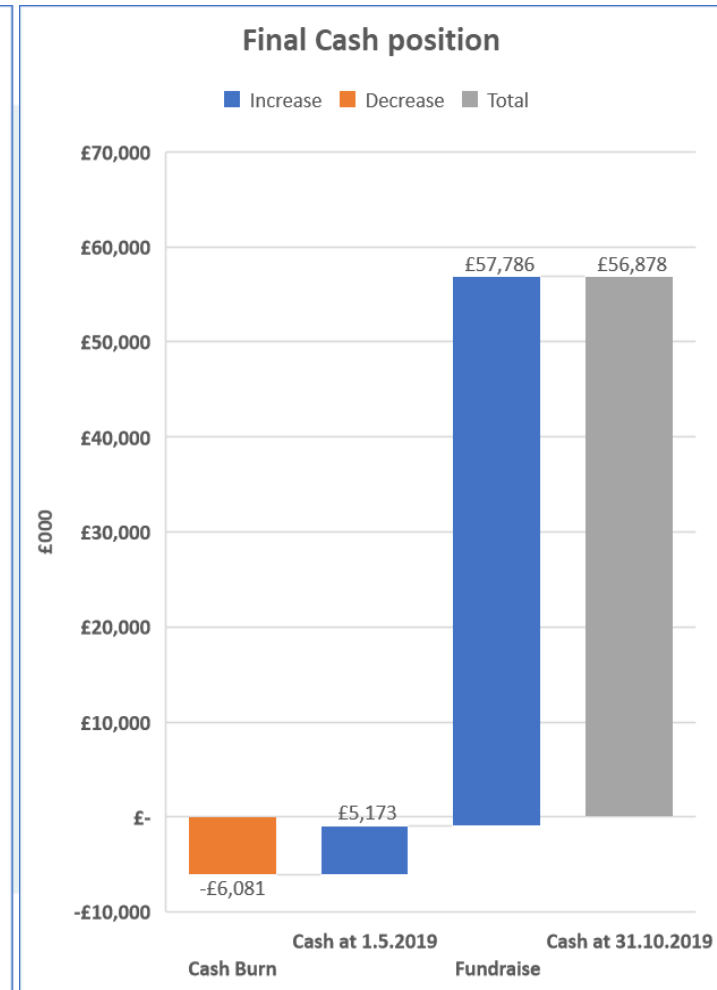
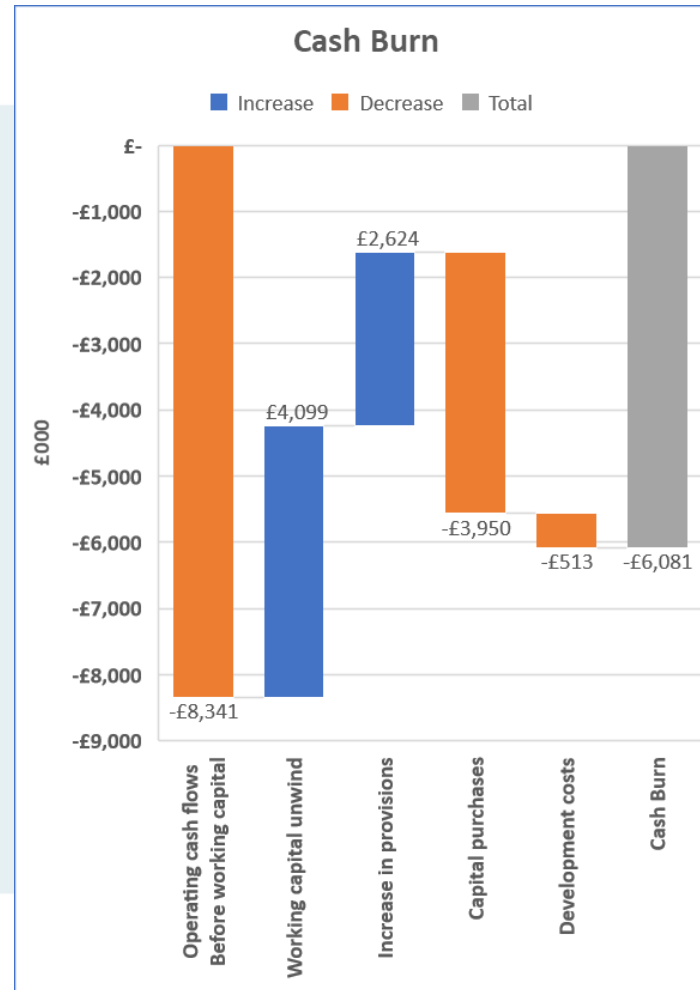
**Financial performance**





### Cash Bridge:

- Working capital movement
  - Inventory received and processed as WIP
  - Receivables decreased as product built
  - Revenue recognised from deferred income
- Increase in provisions
  - Factory related
  - Shell Refhyne contract
- Investing in assets:
  - Development costs – 5MW stack
  - Refuelling Station Assets

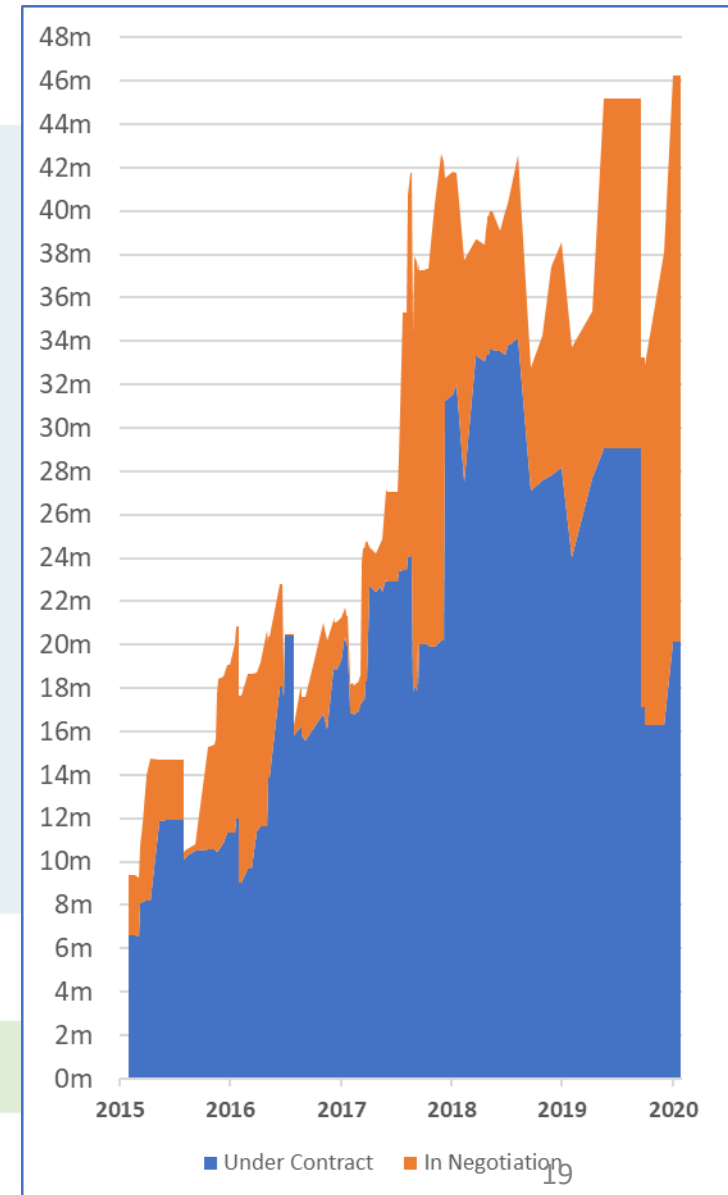


### Financial performance

### Total Under Contract or in Negotiation: £42.4M

- Reporting the number up to 4 times per year
- As of today, total backlog of £42.4m (£33.6m)
- £16.3m (£23.2m) of projects are under contract
- A further £26.1m (£10.4m) are in the final stages of negotiation

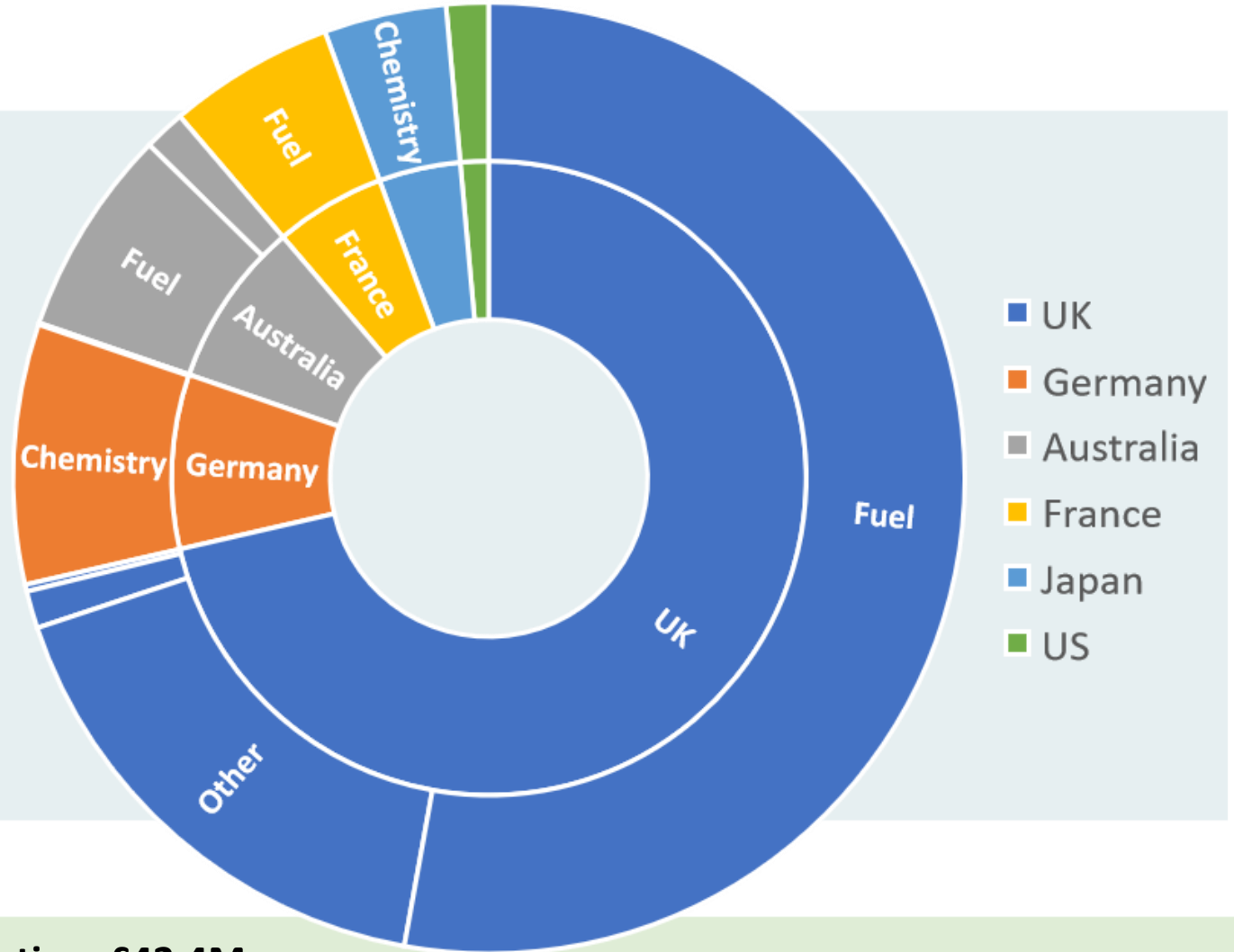
**Total Under Contract or in Negotiation: £42.4M**



# CONTRACTS PIPELINE | BY SECTOR

## HYDROGEN ENERGY SYSTEMS

Sector	Negotiation/Contract
Industrial	£14.6M
Fuel	£11.2M
P2G	£2.2M
Maintenance	£0.4M
Other	£5.1M



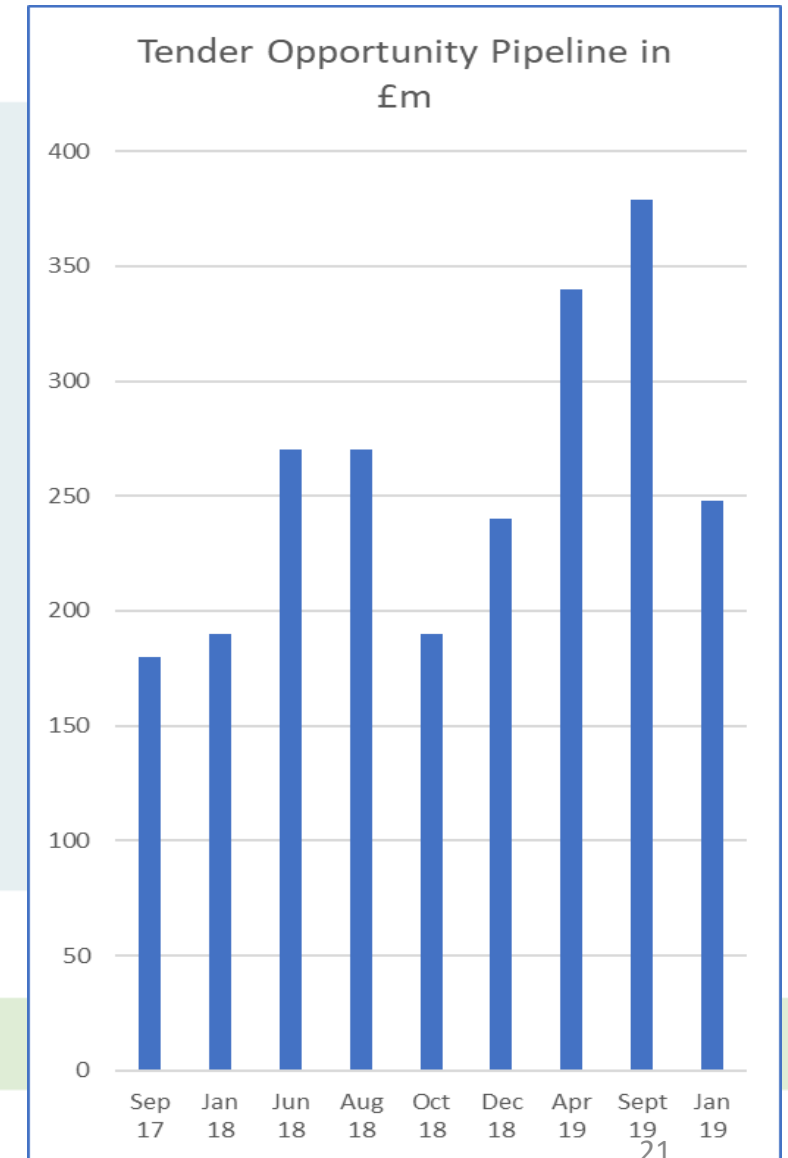
**Total Under Contract or in Negotiation: £42.4M**



### Assessment and qualification process:

- Must have been tendered in the last 12 months
- Project ready to go with finance in place
- Currently £248m
- Representing 37 commercial tender responses
- Average project size of £6.7m (£6.0m)
- Reflects strong industrial demand for larger systems

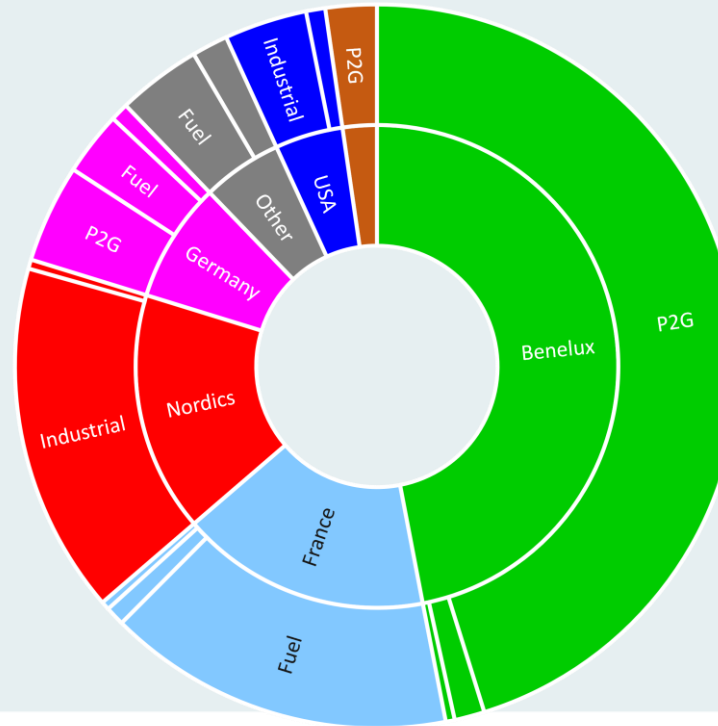
**Tender Opportunity Pipeline reported up to four times pa**



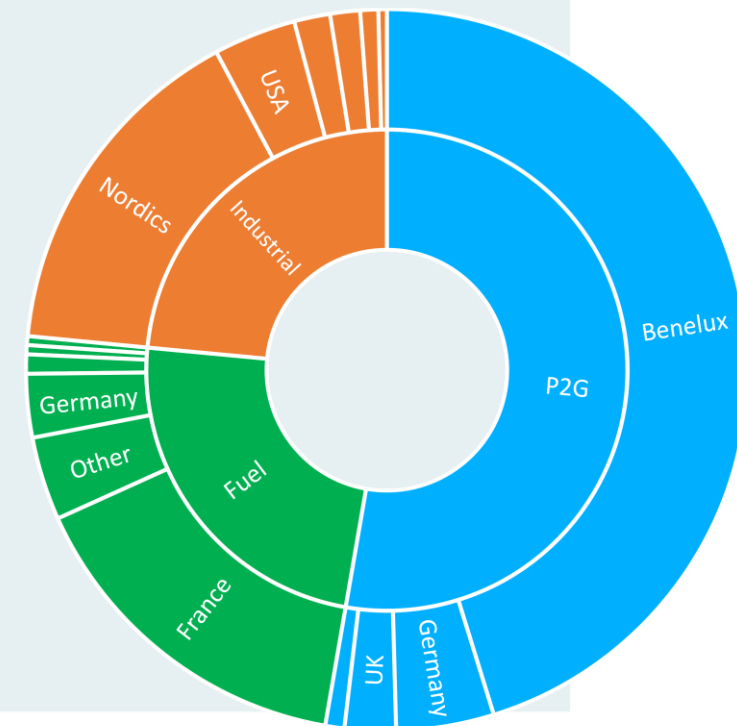
### Assessment and qualification process:

- Commercial Tenders only
- P2G energy storage is most tendered
- Benelux, France and Nordics
- Reflects strong demand for larger systems

Value (£) sorted by Region



Value (£) sorted by Industry



**Tender Opportunity Pipeline reported up to four times pa**

### £58.8m fundraising to address the remaining three main barriers to growth

- Working capital
- Manufacturing
- Balance sheet strength

#### **Linde Partnership:**

- ITM focus on core competency
- Access to new markets
- Ability to offer full solution

#### **Working Capital:**

- Required for large orders
- Growth acceleration
- Inventory to reduce delivery time

#### **New Premises Identified:**

- Increased capacity
- Consolidation on one site
- 5MW power supply

#### **De-risked Balance Sheet to provide:**

- Customer confidence
- Ability to negotiate better terms
- Quote conversion rate

**Linde JV | Working Capital | 1GW Factory | De-risked Balance Sheet**

# Interim Results Presentation:

London | February 2020

Graham Cooley, CEO, ITM Power

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