ITM

LEADERS IN GREEN HYDROGEN TECHNOLOGY

ITM POWER PLC

Annual Report 2024

About us

OUR ELECTROLYSERS ARE HELPING OUR CUSTOMERS REACH NET ZERO THROUGH THE POWER OF GREEN HYDROGEN

ITM POWER DESIGNS AND MANUFACTURES STATE-OF-THE-ART ELECTROLYSERS BASED ON PROTON EXCHANGE MEMBRANE (PEM) TECHNOLOGY TO PRODUCE GREEN HYDROGEN, USING RENEWABLE ELECTRICITY AND WATER.

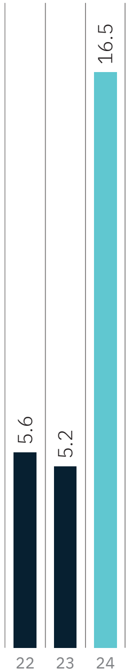
Green hydrogen is the only true net-zero energy carrier, making it one of the best solutions to tackle the carbon crisis and create a clean, green future.

Watch our videos online to find out more:
A Symbol of our Evolution (youtube.com)

Highlights

Our results

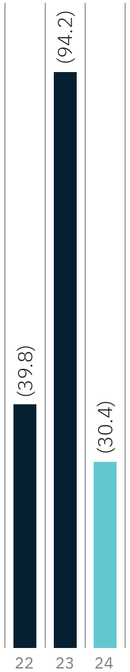
Revenue
£m



£16.5m

+217%

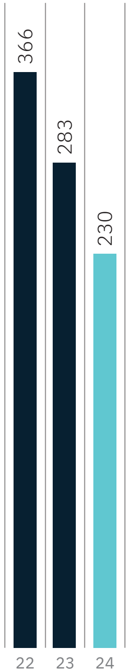
Adjusted EBITDA* loss
£m



(£30.4m)

-68%

Net cash at year end
£m



£230m

-18%

In this report

* Adjusted EBITDA is a non-statutory measure. The calculation methodology is set out in Note 6.

ITM at a Glance

Innovation made in the UK

After 23 years of research and development and pioneering innovation, ITM is offering the most advanced PEM electrolyser technology in the world.

In 2023, more electrolysers left the factory than in the previous 22 years combined. As the supplier of choice for industry-leading customers, we are entrusted to deliver several hundreds of MW already.

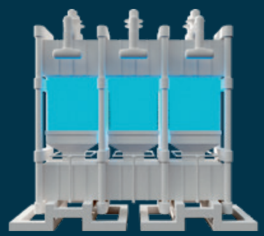
More detail on page 5

Our products

TRIDENT

Leading PEM electrolyser stack technology

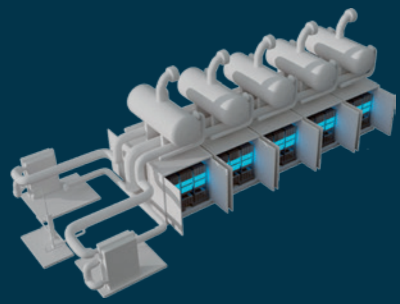
Our commercially proven 2MW electrolyser skid is based on our industry-leading 30bar stacks. Capable of the highest current density on the market, our technology enables reduced footprint and cost.



POSEIDON

Cutting-edge 20MW module for large-scale projects

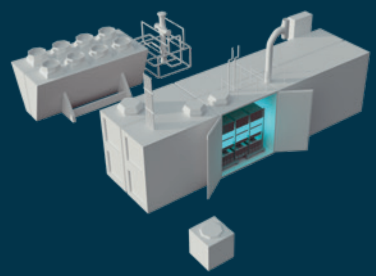
Our core electrolysis process module is engineered to incorporate real-world lessons learned from commercial projects. POSEIDON is a modular building block enabling scale-up with optimised footprint.



NEPTUNE II

Autonomous 2MW plug & play electrolyser for small-scale projects

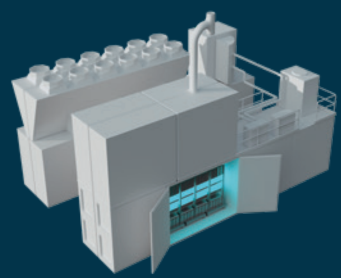
With our state-of-the-art TRIDENT stack platform at its heart, NEPTUNE II is a fully autonomous electrolyser system. Supplied with a power conversion system and incorporating all necessary balance of the plant.



NEPTUNE V

Best-in-class 5MW plug & play electrolyser for mid-size projects

Designed against the highest safety and quality standards, and building on the learnings from our operational electrolysers around the world, NEPTUNE V is our brand-new full scope 5MW containerised electrolyser plant.



ITM at a Glance continued

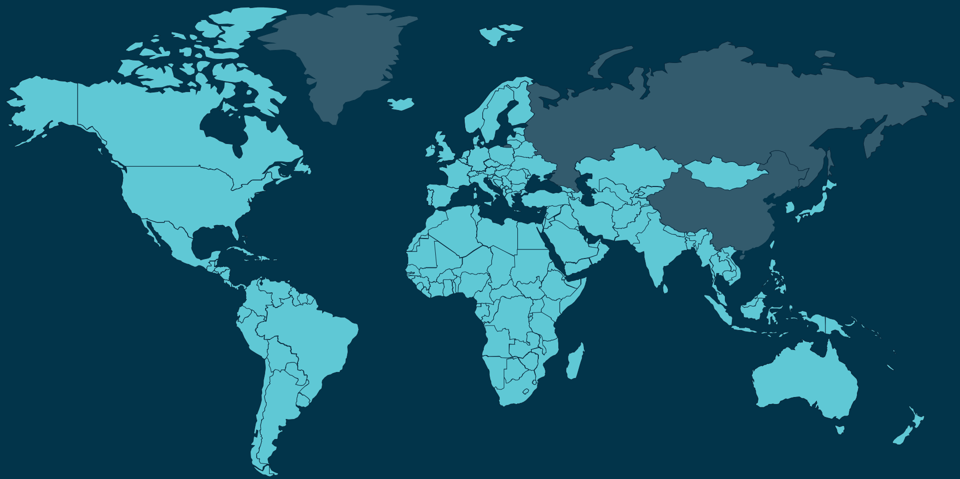
Global reach

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.

› More detail on page 5



Industry leading technology

Our electrolysers are based on proton exchange membrane technology and are a key enabler for the energy transition.

The highest current density on the market, reducing footprint and cost

Leading conversion efficiency, reducing operational costs

The lowest reported precious metal loading, relieving supply chain constraints

› More detail on page 5

Our market

Designed and built in the UK, deployed worldwide.

We work together with industrial, energy and transport companies in projects all over the world.

› More detail on page 5

ITM at a Glance continued

Our locations

WE ARE EVOLVING

We are growing our production capacity and global reach with commercial projects, and investing in our commitment to best serve our customers.

SHEFFIELD FACTORY

EXPANDING FABRICATION AND R&D

World's first and largest PEM Gigafactory in commercial operation

Expansion for highly automated stack fabrication ongoing

20,000m^2 factory floor

ITM POWER GERMANY

GROWING CLOSER TO OUR CUSTOMERS

Aftersales hub for the EU with facilities to quickly deploy stacks

Home to functions which enable ITM's accelerated growth, incl. Business Development, Data and IoT

Local content creation in the EU

Investment Proposition

WHY INVEST IN ITM?

10GW

UK Government's Hydrogen Strategy target for clean hydrogen production by 2030, with at least half of this being electrolytic green hydrogen

20+ YEARS

of technology know-how

284MW

of projects in build (as of 30 April 2024)

330

Average FTEs in the financial year across the UK, EU and Australia

An attractive market

- Green hydrogen is the key to decarbonising sectors that cannot be directly electrified or hard-to-abate sectors which include industries such as petrochemicals, iron, steel, heavy-duty transport, cement, aviation and shipping
- Clean technologies, such as green hydrogen, are at the heart of ambitious targets and are fundamental to governments achieving their climate, economic, and energy security goals
- The International Energy Agency (IEA) estimates that demand for clean hydrogen will be more than 400MT by 2050, equivalent to more than 4,000GW of electrolysers
- Green hydrogen is produced using an electrolyser that is powered by renewable energy such as wind and solar and is the only net-zero gas

Leading technology

- Founded in 2000, ITM was the first PEM electrolyser manufacturer to be listed on the London Stock Exchange
- Our core product, the TRIDENT stack, sits at the heart of each of our products, is state of the art and can be deployed in multiple formats into a wide range of applications
- Our product portfolio has been developed to offer our customers a range of choices and flexibility demonstrating our commitment to meeting their diverse needs and preferences
- Our research and development capabilities have ensured a strong technology roadmap, which ensures that ITM is at the forefront of technology development

Global capabilities and scale

- With the design of our TRIDENT stack platform we have achieved product compliance in most countries around the world enabling our core stack to be deployed globally
- Our asset-light approach enables us to manufacture and deliver from our facilities in Sheffield and provides us with flexibility so that capital can be deployed elsewhere in the world as the demand for green hydrogen grows
- This strategy will unlock volume manufacturing advantages, including a consistent supply chain approach
- The majority of our projects that are operational or in build are in Europe, and our facility in Germany enables us to provide a first-class customer service proposition

Our amazing people

- Our people are our greatest asset, and we value the exceptional talent of all our employees
- Our culture encourages all employees to contribute ideas for improvement, no matter how small, and fosters a culture of accountability, responsibility and ownership
- Our leadership team creates an environment of collaboration, innovation and continuous learning where everyone can flourish
- Our highly skilled research and development team places us at the leading edge of technology

Statement from the Chair of the Board

Sir Roger Bone
Chair of the Board

READY TO BUILD LONG TERM VALUE

Our strategic priorities are clear. They acknowledge the need for readiness and flexibility while maintaining stringent capital discipline.

Over the past year, we have transitioned from an R&D company to an ambitious volume manufacturer. Our 12-month plan, announced in January 2023 and completed by January 2024, was a three-step strategy to simplify our product portfolio, improve our cost and capital discipline, and debottleneck our manufacturing facilities. As part of this, we completed a restructuring of our organisation, including a 30% reduction in our headcount, while at the same time, we have continued to enhance our professional capabilities.

The changes made will support the long-term success of our business. Operationally, ITM is in better shape than ever, and everyone in the Company is laser focused on delivering success. Financially, we are in a healthy position, borne out by the year-end net cash of £230m, which is substantially ahead of our original guidance in August 2023.

The macro picture

Global decarbonisation is not a choice; it is an irreversible necessity if net zero targets are to be achieved by 2050 and fossil fuels are to be phased out. However, remaining on this pathway requires a substantial and accelerated expansion of the entire clean energy value chain.

Green hydrogen is widely regarded as a critical technology for decarbonisation. It will play an increasingly important role in the future energy mix as the world accelerates its progress towards a global net-zero energy system. Achieving net zero requires a comprehensive transformation of the energy system, and governments worldwide are implementing policies and regulatory frameworks, along with financial support mechanisms, to stimulate demand and supply and create a future hydrogen economy.

While policies are being put into place to encourage hydrogen project development and to aid the decarbonisation of hard-to-electrify sectors, in the short term this nascent industry has faced challenges rising capital costs, cost inflation, supply chain bottlenecks and lack of hydrogen infrastructure, including transportation and storage. It is therefore important to distinguish between the effects of short-term challenges and the inevitable long-term trends.

> “We remain committed to delivering value to our shareholders and creating a sustainable future for our Company.”

Statement from the Chair of the Board continued

The macro picture continued

The short-term challenges will eventually dissipate, and there will be increasing momentum in the development of the hydrogen industry. As an energy carrier and industrial feedstock, green hydrogen will reshape the global energy landscape.

With our combination of world-leading technology and manufacturing capability, we are in a strong position to participate in the growth of this globally significant market. Everyone at ITM is tremendously excited about what lies ahead.

Environmental, social and governance (ESG) objectives

We are dedicated to delivering robust ESG performance out of a desire to uphold ethical standards. Our MSCI rating remained at "AA" for a fourth consecutive year demonstrating that our practices are well aligned with shareholder interests, and we are proud of this achievement. It also indicates that we are a business setting the standard for how our sector manages the biggest ESG risks and opportunities.

Board changes

During the year, Katherine Roe stepped down from the Board. Denise Cockrem assumed the role of Chair of the Remuneration Committee. At the same time, Martin Green was appointed as Senior Independent Director (SID).

Looking ahead

Our strategic priorities are clear. They acknowledge the need for readiness and flexibility while maintaining stringent capital discipline.

During the next year, we will continue to invest in our core technology, enabling us to remain at the leading edge of the industry. We will increase our capacity at the pace required to fulfil customer contracts, which will be enhanced by further automation, particularly in stack assembly.

In closing, I thank our shareholders, employees and customers for their continued support and confidence in our business. We remain committed to delivering value to our shareholders and creating a sustainable future for our Company.

Sir Roger Bone
Chair of the Board
14 August 2024

YARA INTERNATIONAL GREEN HYDROGEN PLANT, NORWAY

In July, the Norwegian Prime Minister, Mr Jonas Gahr Støre, inaugurated Yara International's renewable hydrogen plant at Herøya Industrial Park, the largest of its kind currently in operation in Europe. Hydrogen is produced via electrolysis using renewable energy, replacing natural gas as feedstock. The plant will cut 41,000 tonnes of CO_2 emissions from the site annually.

Utilising ITM's state-of-the-art TRIDENT stack platform, the 24MW plant will provide enough green hydrogen to produce 20,500 tonnes of ammonia per year which can be converted to between 60,000 and 80,000 tonnes of green fertiliser.

The green fertilisers produced at Herøya will form part of a new Yara Climate Choice portfolio, which includes solutions designed to benefit crops while reducing climate impact.

Ammonia has long been used as a fertiliser but is typically produced from fossil fuels. Green ammonia offers significant potential, among other things, to decarbonise the agricultural sector.

Chief Executive Officer's Statement

Dennis Schulz
Chief Executive Officer

READY FOR GROWTH

Our completed 12-month plan

1. **Concentrated on a narrowed product portfolio for volume manufacturing.**
2. **Improved capital discipline by a cost reduction programme, and by professional processes for the future.**
3. **Debottlenecked fabrication and testing, and invested into incremental automation.**

› More detail on page 10

My first full financial year at ITM has seen the Company make significant progress. We completed our 12-month plan which transformed ITM into an organisation that manufactures and delivers market-leading products to customers on a consistent basis, as set out in January 2023, and laid out our three strategic priorities in January 2024.

Today, we have a focused portfolio of products, all utilising the same market-leading stack technology which can be deployed into projects of any size and into almost every world region. This strategic approach is well-aligned with the needs and preferences of our customers, enabling us to manufacture in volume to build a sustainable business.

We continue to strive for operational excellence, which is the relentless pursuit of efficiency, effectiveness and continuous improvement throughout our operations. This unwavering commitment to improvement is a testament to our dedication to providing the best electrolysers and services to our customers.

Previously, we spoke about focusing on doing things right the first time, and prioritising quality over quantity. This shift in culture has been encouraging our employees to contribute ideas for improvement, and fosters a culture of accountability, collaboration and continuous learning. By upholding these principles, we can achieve operational excellence and drive competitiveness, customer satisfaction and, in turn, profitability.

The transformation we have undertaken is evident in our day-to-day operations. As a result, EBITDA losses in the financial year to April 2024 decreased significantly to one third of the previous year, whilst we were able to grow revenues threefold. We now have a disciplined approach to the use of our capital, which is reflected in our year-end net cash position.

Our technology is at the forefront globally, and we are deploying our electrolysers into some of the largest and most prestigious green hydrogen plants under construction worldwide today, such as for Yara in Porsgrunn (24MW), which was inaugurated in June 2024 and is now the biggest PEM electrolyser plant in operation in Europe, for RWE in Lingen (200MW) currently under construction, and, following the REFHYNE II project contract signature in August 2024, now also for Shell in Wesseling (100MW). We have also just recently commissioned our first reference plant in Japan for Sumitomo and Tokyo Gas. The partnership announced in April 2024 with Hygen, where we were appointed as its preferred supplier for PEM electrolysers for hydrogen projects in the UK and EU, and more recently the 500MW capacity reservation by a large industrial customer, are further strong endorsements of our technology and credibility to deliver.

The market for green hydrogen

› Regulation and incentives

On the geopolitical side, today's landscape is characterised by a complex interplay of power dynamics regional conflicts and various upcoming elections worldwide. While such a landscape naturally carries both opportunities and challenges, we see that these developments have further strengthened the pathway to net zero. Clean technologies are fundamental to governments achieving their ambitious climate, economic and energy security goals. The widespread adoption of clean technologies will accelerate the energy transition and improve energy resilience, with green hydrogen set to play a key role in the energy mix of the future.

In the short and medium term, government incentives and support mechanisms will remain key enablers of the hydrogen economy. They can remove barriers to investment by offsetting cost differentials between fossil-based fuels and green hydrogen. Over time, as the industry scales up, business cases will get stronger, and the industry and hydrogen economy will become self-sustaining.

According to the International Energy Agency (IEA), only under 4% of electrolytic hydrogen production projects worldwide have reached FID so far. In many cases, this is due to a combination of policy and

WHAT WE HAVE ACHIEVED

- Shipped more products to customers than in any other financial year
- Signed contract for prestigious 100MW project REFHYNE II with Shell
- Received 500MW capacity reservation for our TRIDENT platform by leading industrial customer
- Sold Motive Fuels allowing us to focus solely on manufacturing and project delivery, and unlocking £28m of previously ring-fenced capital
- Launched 20MW POSEIDON module for larger scale deployments
- Introduced NEPTUNE V, our full-scope containerised 5MW electrolyser plant

› More detail on page 16

Chief Executive Officer's Statement continued

The market for green hydrogen continued

regulatory uncertainty, inflation and increased cost of capital, lack of infrastructure or uncertain offtake commitments for the final product. The IEA estimates that 70 Mt per annum of clean hydrogen will need to be produced by 2030 to remain on track for climate goals, which compares to less than 1 Mt produced today.

To be robust and resilient, the entire hydrogen value chain must develop and scale in parallel, including production, transport, storage and end-use demand.

While this poses complexity, it is widely acknowledged today that renewables will dominate tomorrow's energy systems. Green hydrogen will be vital to ensure uninterrupted access to clean energy and to decarbonise energy-intensive sectors like steel production, chemicals, long-haul transport and aviation.

In the EU, the Net-Zero Industry Act is a key piece of legislation. In March 2023, the Commission proposed it as part of the broader Green Deal Industrial Plan, and the Council and European Parliament agreed to it in February 2024. It aims to strengthen the resilience and competitiveness of key net-zero technologies in the EU and to create the right conditions to attract investments. The EU aims to produce 10 Mt and import 10 Mt of green hydrogen by 2030 which, in order to be realised, will require significant near-term investment.

Several funding and subsidy avenues are available to industry to support Europe's energy transition, including the Important Projects of Common European Interest (IPCEI) and the European Hydrogen Bank, which recently completed its first €800m pilot auction. In addition to the availability of central EU funding, individual member states are allowed to fund projects and developments directly. Beyond such incentives, the EU's Renewable Energy Directive (RED) and, most recently, RED III mandate an increase of renewable fuels of non-biological origin (RFNBO), primarily hydrogen. It sets ambitious targets for the hydrogen sector, notably requiring at least 42% RFNBO usage by 2030 and 60% by 2035.

Developing our culture and company values

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, every day

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

Chief Executive Officer's Statement continued

The market for green hydrogen continued

In the UK, the Government's Hydrogen Strategy ambition is to produce 10GW of clean hydrogen by 2030, with a minimum of 6GW being green hydrogen. The Hydrogen Allocation Rounds (HARs) allocate revenue support through the Hydrogen Production Business Model (HPBM) to hydrogen production facilities to bridge the cost gap. For HAR1, 11 projects totalling 125MW were successfully announced in December 2023. The projects will receive over £2bn of support through 15-year contracts and £91m of up front capital funding. HAR2 aims to support up to 875MW of capacity, with the application window having closed in April 2024. A shortlist of projects is expected to be announced in autumn this year, with successful projects expected to receive a conditional offer from the Department for Energy Security and Net Zero (DESNZ) in the first half of 2025. Looking ahead, HAR3 and HAR4 are expected to target 1.5GW each.

The UK's Green Industries Growth Accelerator (GIGA) fund of £960m was announced in autumn 2023 to support the expansion of clean energy supply chains, including hydrogen. In March 2024, an additional £120m was added to the fund. Successful applications are expected to begin drawing down their funding from 2025.

In the US, the government enacted the Infrastructure Investment Jobs Act (IIJA) of 2021 and the Inflation Reduction Act (IRA) of 2022 to boost infrastructure development. In 2023, the Department of Energy (DOE) released its National Clean Hydrogen Strategy and Roadmap, targeting 10 Mt by 2030, 20 Mt by 2040 and 50 Mt by 2050. In December 2023, the Treasury Department and the Internal Revenue Service (IRS) released long-awaited proposed regulations for eligibility and implementation of the Section 45V hydrogen production tax credit (PTC), ranging from $0.60 to $3 per kilogram for producers with the lowest emissions.

Following the announcement of these drafts, no general consensus has been achieved yet on the regulations' final shape, creating uncertainty for project developers.

In the meantime, in October 2023, the DOE announced $7bn of funding to launch seven Regional Clean Hydrogen Hubs to accelerate commercial scale deployment. Furthermore, in March 2024, the DOE announced $750m in funding to reduce the cost of clean hydrogen, covering 52 projects across 24 states to advance electrolysis technologies and improve manufacturing and recycling capabilities for clean hydrogen systems and components.

Also, elsewhere in the world, green hydrogen strategies continue to evolve at pace. In 2023, Japan updated its strategy with $107bn earmarked to be invested over 15 years to achieve 2 Mt by 2030, 12 Mt by 2040 and 20 Mt by 2050. In May 2024, the Japanese parliament passed the Hydrogen Society Promotion Act, which paves the way for providing 15-year subsidies for locally produced and imported low-carbon hydrogen. India announced an ambition to produce 5 Mt of green hydrogen by 2030, and Egypt's green hydrogen strategy is targeting up to 8% of the global tradable market by 2040. Australia announced a Hydrogen Production Tax Incentive (HPTI) of A$2 per kilogram, which will be available over a 10-year period starting from 2027.

Given the ambitions and targets of governments around the world, the green hydrogen market and electrolyser demand are expected to see strong growth in the coming years. We are well positioned to play a leading role in this very large market.

› Customer activity

These extensive regulatory and policy developments are a major driver of our customers' green hydrogen strategies, but project activity is also influenced by wider stakeholder pressure to decarbonise industrial activities and to satisfy end customer demand for green product options. Our pipeline of project opportunities has grown strongly, especially in regions where companies see consistent regulation and incentives relating to green hydrogen production or demand.

Europe continues to lead the way in terms of tangible progress on small, medium and large-scale green hydrogen projects, with major industrial and energy companies developing portfolios of projects in their core markets. In addition to the strong energy markets of Germany and the Netherlands, the first Hydrogen Bank auction confirmed the competitiveness of the Iberian and Nordic markets for large-scale production.

Customers are developing projects at a range of capacities, with a significant number of projects in the sub-50MW range where our containerised products are ideally suited. These projects are commonly targeted at mobility applications and specific industrial use cases such as distilleries or semiconductor manufacture.

In the 100MW+ scale, we see strong momentum in relation to green ammonia production, refining and sustainable aviation fuels (SAF). Due to the large volumes of hydrogen produced and the risks associated with single offtakers, such projects are often contingent on emerging hydrogen infrastructure like pipelines and storage.

There are also a number of very large projects of GW scale, predominantly in regions offering low-cost renewable energy potential, typically targeting export. In all cases, we expect these projects to need to adopt a realistic phased approach to manage execution, technical, financial and offtake risks.

Integrated energy, oil and gas companies continue to be active in the development of their green hydrogen project portfolios. Such organisations have a mature approach to technical and financial risk management in relation to the investment into physical assets at scale and the capability to finance off their balance sheet. Pure play green hydrogen or wider renewable energy project developers are also increasingly common and, in the absence of balance sheet strength, are driving the market in relation to project financing options.

> "Our 12-month plan has made ITM a stronger, more focused, and more capable company."

Chief Executive Officer's Statement continued

The market for green hydrogen continued

Customers are now reacting to their own experience of developing and delivering early pilot projects, or to reports of the experience of others. This has increased customer focus on evidence of technology performance, design, integration and execution capability across OEMs and EPCs, and the ability to demonstrate real-world operational data. As projects scale in size, customers increasingly want to ensure they can deliver on their business case, especially when they get paid only for each kilogram of hydrogen produced, like under the UK market mechanism for instance.

Furthermore, customers increasingly recognise that there are only a small number of OEMs and EPCs truly capable of delivering reliably, especially large-scale projects, and this will become an ever more important differentiator in the market.

Strategic update: 12-month plan completed, strategic priorities clear

Our 12-month plan was completed on schedule in January 2024, making ITM a stronger, more focused, and more capable company. We have put the necessary foundations in place to ensure that ITM is ready for the large-scale opportunities and significant demand in the market that lie ahead.

The three areas of focus were:

- to narrow our product portfolio so that our manufacturing processes and supply chain could be standardised, thereby setting the business up for volume manufacturing success;
- a disciplined approach to costs and capital, along with process improvements; and
- to debottleneck manufacturing, our supply chain and testing, and to incrementally increase the degree of automation.

The next phase of our journey will be focused on our strategic priorities, which we announced in January 2024. The market potential for green hydrogen remains excellent, with strong growth expected in the coming years. In the short term, the realities of industrial scale-up will remain incremental, with many FIDs delayed compared to original aspirations. This balance implies a need for readiness and flexibility whilst managing cash commitments carefully. Our strategic priorities align with our vision of delivering the world's best electrolysers, scaling our operations profitably to meet the rising demand, and growing our global footprint and reach over time:

- To remain at the forefront of technology, product and delivery credibility, we will:
  - evolve our products, including the continuous improvement of our TRIDENT stack platform and NEPTUNE plug & play units;
  - strategically extend our portfolio, currently under development, with a larger capacity, game-changing stack platform to widen the gap to competition further;
  - be prepared for rapid scaling of stack volumes; and
  - continue to evolve our processes and capabilities in manufacturing, engineering, procurement and field services.
- To scale our operations whilst retaining flexibility and conserving cash, we will:
  - continue to deepen the level of automation;
  - grow production capacity in line with commercial projects; and
  - focus on credible sales opportunities, and capture a significant market share by offering the best products and credibility to customers.
- To grow our global footprint and reach whilst staying adaptable, we will:
  - ensure an appropriate setup in all attractive offtake regions to be best positioned and ready for rapid demand uptick, as we are in the EU by means of our new entity, ITM Power Germany; and
  - take a product and service-first approach and continue to expand regional product compliance.

We have already made great progress since we announced our strategic priorities. In May 2024, we launched NEPTUNE V, our new 5MW containerised full-scope plug & play electrolyser plant, in response to significant customer demand. Designed against the highest safety and quality standards and incorporating the learnings from our operational electrolysers around the world, NEPTUNE V utilises ITM's leading and proven TRIDENT stack technology. NEPTUNE V is compact and versatile, providing 5MW of reliable and highly efficient hydrogen production capacity, all contained in the smallest footprint per MW in the industry today. NEPTUNE V is competitively priced and ideally suited for mid-size projects. It complements our existing 2MW containerised solution NEPTUNE II, which remains a popular choice for projects below 10MW.

Outlook

Today, ITM is significantly more capable than the Company has ever been.

Our path to profitability is no longer a question of capability, but now one of volume via customer orders. The foundations we have laid will enable ITM to build long-term value, allowing us to invest for growth and drive attractive returns for our shareholders.

In the meantime, our sales pipeline has been growing strongly, which makes me optimistic about what lies ahead for ITM and our industry.

We are ready. We now need more customers to take FIDs.

Dennis Schulz
Chief Executive Officer
14 August 2024

Chief Financial Officer's Review

Andy Allen
Chief Financial Officer

FROM A STRONG FINANCIAL POSITION

In summary

We have significantly improved our financial performance in the period through stringent management of costs whilst executing on strategically relevant investments to be ready for volume in the future.

A key component of our 12-month plan was to embed a rigorous approach to capital allocation and cost management across the business. The aim was to ensure that our actions became aligned with our strategic priorities, which acknowledged the need for readiness in operational scaling and flexibility, whilst managing cash carefully.

The impact of this change is evident in our robust year-end net cash position of £230m, which is above the £200m to £220m guidance that we announced with our interim results in January 2024, and is materially better than our original guidance of £175m to £200m announced at the time of our preliminary results in August 2023. Doing things right the first time and challenging ourselves to achieve our expected outcomes for less are changes in culture which align everyone at ITM with the use of capital that our shareholders expect.

Key financials

A summary of the Group's key financials is set out in the table below:

Year to 30 April	**2024 £m**	2023 £m	2022 £m
Revenue	**16.5**	5.2	5.6
Gross loss	**(16.7)**	(79.1)	(23.5)
Pre-tax loss	**(27.1)**	(101.2)	(46.7)
Adjusted EBITDA[1]	**(30.4)**	(94.2)	(39.8)
Property, plant and equipment plus intangible assets	**39.6**	31.9	24.7
Inventory (raw materials)	**10.3**	18.3	24.3
Inventory work in progress (WIP)	**60.2**	40.5	7.9
Net cash	**230.3**	282.6	365.9
Net assets	**268.7**	295.5	395.0

1. Adjusted EBITDA is a non-statutory measure. The calculation method is shown in Note 6.

Non-financial key performance indicators (KPIs)

We also use certain non-financial performance indicators to consider our performance over time. These include: QHSE metrics; order intake and megawatts contracted; stacks built; project milestones achieved; FTE numbers and employee turnover. During the year, MW in WIP decreased to 284MW (FY23: 285MW). Revenue was recognised against 12MW of deliveries (FY23: 5MW). The Board also regularly reviews other non-financial performance criteria, including production throughput, testing and validation performance and labour utilisation. As the Group matures further into a volume manufacturer, it is likely that we will refresh our non-financial KPIs to reflect the evolved business.

Financial performance

The principal ways in which we generate revenue and income are through product sales, maintenance contracts, and consulting contracts (FEED and feasibility studies).

Revenue

Revenue for the period was £16.5m (FY23: £5.2m). Half of this revenue, £8.2m (FY23: £4.1m), was generated from product sales, namely plug & play containers. Consulting contracts delivered £5.0m (FY23: £0.7m), mostly due to a government contract related to our stack platform development. In addition, we generated £1.5m (FY23: £0.3m) from maintenance contracts.

Gross margin

The gross loss was £16.7m (FY23: £79.1m), reflecting losses arising from production inefficiency (£3.0m), cost of quality (£3.6m), obsolete stock (£2.9m) and customer contracts (£4.2m), as well as an underutilisation of production capacity (£3.0m). With our 12-month plan, we have debottlenecked manufacturing capacity, and built to the schedules of our customer contracts instead of at full factory capacity. The improvement year on year reflects the improved control over our operations and project execution.

Administrative expenses

Operating costs reduced year on year to £22.6m (FY23: £26.2m). Across the Company (including production), staff and employment costs reduced from £24.0m to £21.2m, reflecting the impact of the restructure completed in April 2023. Another feature of our 12-month plan was to narrow our product portfolio for increased focus. As such, fewer staff costs were capitalised in the year, at £9.1m (FY23: £10.5m), a function of greater focus and fewer staff. The average number of FTE was 330, compared to 415 in FY23, and reflected the headcount reduction announced in January 2023.

Consultancy and consumable costs fell by 51% to £2.5m (FY23: £5.1m) as we focused activities and further controlled costs, whilst depreciation and amortisation rose by 48% to £5.9m (FY23: £4.0m), reflecting the conclusion of the engineering and marketing of products within our portfolio, as well as the impact of the expansion of capacity.

The impairment charge of £1.4m (FY23: £4.5m) relates to the products where development costs had previously been capitalised, and which were no longer offered as part of the streamlined portfolio after the 12-month plan.

Government grants which constitute claims against individual projects or research and development (R&D) claims totalled £1.2m (FY23: £1.6m), with £0.8m receivable in relation to R&D tax reclaims (FY23:£1.4m).

Adjusted EBITDA[1]

The Company posted an adjusted EBITDA loss of £30.4m (FY23: £94.2m) for the period. Adjusted EBITDA is a non-statutory measure and is detailed in Note 6. The loss before tax was £27.1m (FY23: £101.2m), and the basic and diluted loss per share was 4.4p (FY23: 16.4p).

Chief Financial Officer's Review continued

Financial performance continued

	2024 £000	2023 £000
Loss from operations	**(38,011)**	(103,713)
Add back:		
Depreciation	**4,008**	3,006
Impairment	**1,417**	4,469
Amortisation	**1,921**	942
Loss on disposal	**126**	64
Share-based payment charge/credit	**149**	(420)
Exceptional costs of restructure	**–**	1,436
Adjusted EBITDA	**(30,390)**	(94,216)

Capital expenditure

Capital expenditure totalled £14.0m in the period (FY23: £15.1m), with £12.0m invested in capital projects (FY23: £8.6m), namely improvements at our Sheffield factory and machinery, and £2.0m (FY23: £6.6m) in intangible assets primarily in respect of continued product development.

Working capital

The working capital position (being net of inventory, receivables and payables) improved by £1.4m in the year (FY23: £8.9m outflow), with inventories and receivables increasing by £11.6m and £9.2m respectively, offset by an increase in payables of £22.2m.

Cash

Net cash at the year end was £230m (FY23: £283m), benefitting later in the year from the rigorous approach to costs and capital discipline, which was announced at the time of our interim results in January 2023 and was a key component of our 12-month plan. This has also led to tighter control of receivables both in terms of collection of milestone payments but also upfront payments for work to be done (resulting in deferred income increasing £20.5m in the year, albeit with inventory increasing by £11.6m).

Financial position: positioned for the future

Current assets decreased to £329.5m (FY23: £362.9m), principally reflecting a reduction in year-end net cash of £52.3m with year-end cash of £230.3m (FY23: £282.6m), partly offset by an increase in inventories. Inventories net of provisions were £70.4m (FY23: £58.8m). The amount of inventories held as raw materials decreased to £10.3m (FY23: £18.3m) as the Company debottlenecked manufacturing and increased throughput as part of the 12-month plan. Projects milestones completion therefore led to increased inventory and deferred income in the balance sheet as products are built but revenue not recognised. Inventory provisions increased by £5.8m to £23.6m (FY23: £17.8m) as a result of manufacturing inefficiencies (whilst improving) and also the discontinuation of certain components relating to older versions of product no longer supplied.

Trade and other receivables were £28.7m (FY23: £19.7m), reflecting the increase largely brought about by completion of milestones on our sales contracts, the timing of those billings and receipts thereof. Trade and other payables increased to £68.3m (FY23: £46.1m), driven by an increase of £20.4m in deferred sales income principally in relation to the timings of payments from customers on projects to be delivered and a £4.4m increase in trade payables, partly offset by a £2.7m reduction in deferred grant income.

Non-current assets increased to £52.3m (FY23: £39.5m), reflecting an £8.9m rise in property, plant and equipment and £5.3m of right-of-use assets reflecting the additional facilities in Sheffield.

Contract loss provisions relate to several factors, including acceleration measures for previously delayed projects, additional on-site works, increased energy and labour costs due to previously under-estimated stack testing times, and future costings updated for inflation. Net contract loss provisions were reduced by £22.8m, with £10.7m created and £33.5m either utilised or released in the period. The total contract loss provision at the period end stood at £19.9m (FY23: £42.6m).

The warranty provision was reduced by a net £0.5m in the period, with £0.3m created during the year, offset by the utilisation of £0.8m. The balance at period end was £3.4m (FY23: £3.9m). This includes all projects that have been commissioned and entered their warranty stage, but excludes those not yet delivered. The warranty costs of projects not yet delivered are presented as contract loss provisions. Other provisions increased in the year by £1.9m (FY23: £4.0m), being an increase of £4.5m, offset by a release of £2.6m in the year.

Contingent liabilities

The Company is in a commercial dispute, the details of which are commercially sensitive. This dispute has not resulted in a formal claim and based on advice the Directors have made a judgement that an obligation was possible rather than probable at the year end.

Accordingly, this matter is considered to represent a contingent liability. However, the Directors would like to resolve the issue and believe that if a settlement were made that there could be an outflow of up to £15m.

Events after the balance sheet date

After the balance sheet date, we signed a contract with Shell for its 100MW REFHYNE II project at its refinery in Wesseling.

Outlook for FY25

We start the new financial year in a strong position. Our near-term focus is on executing existing and securing new customer projects. We will continue to invest in the business for the scale-up we expect to arise as FIDs start to be taken and as contracts materialise. At the same time, we will continue to manage our cost and capital allocations carefully. Our guidance for FY25 is as follows:

- Revenue expected to be between £18m and £22m: For the manufacture and supply of standardised products, we recognise revenue towards the end of a contract, which is usually either ready for shipment for containerised NEPTUNE units, or on-site acceptance tests for TRIDENT stacks and skids. In contrast, cash payment milestones are spread across the duration of a contract. Therefore, in TRIDENT contracts, revenue recognition is dependent on the site activities of the EPC integrator and/or end customer, outside our control. As such, the value created in the year can often be reflected in deferred income, rather than revenue. Without customer delays, the revenue guidance would have been in the range of £35m to £40m, with the delta being deferred into FY26.
- Adjusted EBITDA loss of £35m to £40m: We have gained control of our project and manufacturing operations, and have restructured the Company in the prior year to be capable of delivering at volume. Remaining EBITDA losses are a function of factory loading and fixed costs absorption.
- Net cash at year end is expected to be between £160m and £175m: CAPEX for the year is expected to be in the range of £15m to £20m, as we continue to invest in R&D, product development and our manufacturing capabilities. We anticipate working capital to increase by £10m to £15m, against commercial contracts awaiting revenue recognition (see Revenue).

Andy Allen
Chief Financial Officer
14 August 2024

1. Adjusted EBITDA is a primary measure used across the business to provide a consistent measure of trading performance. The adjustment to EBITDA removes certain non-cash items, such as share-based payments, to provide a key metric to the users of the financial statements as it represents a useful milestone that is reflective of the performance of the business resulting from movements in revenue, gross margin and the cash costs of the business. We have set out below how we calculate adjusted EBITDA (see also Note 6 for more information). Management uses Adjusted EBITDA as an alternative performance measure (APM) as it allows better monitoring of the operations. Notwithstanding, Management recognises the limitations of APMs as it may not allow industry-wide comparison, and includes removing the effect of certain annual charges such as share-based payments, identified above.

Our business model

A UNIQUE PROPOSITION FOR FUTURE VALUE CREATION

Hydrogen as an energy source is becoming increasingly important as the world looks to decarbonise. We are invested in producing and harnessing green hydrogen, the cleanest kind possible, through our innovative PEM electrolyser technology.

Our strengths

History

24 YEARS

experience in technology development

Skills and knowledge

65%

of the workforce are engineers, scientists and technicians

Technology platform

500,000+

hours of research and development

Scalability

4

unique products for different scales

What we do

We make world-class electrolysers in a range of sizes to suit our customers' needs from 2MW to projects in excess of 100MW

We collaborate with our suppliers and strategic partners to facilitate growth in the size of projects we can deliver to our customers

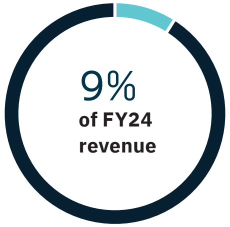
We design and innovate electrolyser technology, which we have developed over many years and continue to improve and refine

Our business model continued

How we generate revenue

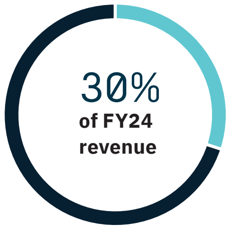
Sales

We sell our electrolysers to customers in energy, industry and transport



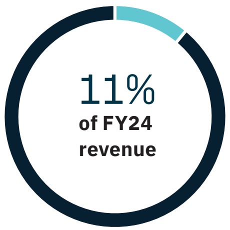
Service

We support our customers through our responsive after sales services



Consulting

We secure local and international grant and FEED study funding to help invest in and further develop our technology



Other

Revenue from other sources

Who we deliver for

Our shareholders
The foundations we have laid will enable ITM to build long-term value, allowing us to invest for growth and drive attractive returns for our shareholders.

Our customers
Our technology and volume capacity enable our customers to travel through their decarbonisation journeys with confidence, offering delivery capability, reliability, performance and support.

Our people
We invest in our people and their development, offering them challenging and exciting roles with competitive remuneration and reward.

Our planet
Without green hydrogen, the world will unlikely be able to achieve net zero. Our technology will contribute to the future reduction in greenhouse gas emissions.

Our partners
As we scale it is critical that our suppliers scale in parallel. Therefore, we have formed strategic partnerships with suppliers who are key to our core products.

Governments
Globally, governments have ambitious green hydrogen strategies and electrolysers will help them achieve their climate, economic and energy security goals.

Our strategy

1.

Remain at the forefront of technology, product and delivery credibility

- Evolve our technology and products
- Utilise our core stack platform in different ways to address emerging market needs and be prepared for rapid scaling
- Evolve processes and capabilities in manufacturing, engineering, procurement, and services

During FY24, we have:

- Introduced POSEIDON, a standardised 20MW core electrolysis process module
- Launched our Hybrid Stack, which enables customers to upgrade earlier generation products and benefit from a circa 10% efficiency improvement
- Launched NEPTUNE V, a full-scope 5MW containerised electrolyser plant
- Announced plans to develop CHRONOS, which will be a game-changing higher capacity stack platform

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, and capture significant market share through product and (large-scale) delivery performance

During FY24, we have:

- Completed our 12-month plan, which has simplified our product portfolio, improved our cost and capital discipline, and debottlenecked our manufacturing facilities
- Signed strategic collaboration agreements with world-leading suppliers
- Started the fit-out of our adjacent facility in Sheffield, which will allow us to optimise our factory layout for stack manufacturing automation and serial production
- Sold Motive Fuels to HYCAP Group, which unlocked £28m of pre-committed capital

3.

Grow global footprint and reach, while staying adaptable

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

During FY24, we have:

- Achieved product compliance, which enables us to deliver the same stack globally which unlocks volume manufacturing advantages, including a consistent supply chain approach
- Opened ITM Power Germany
- Expanded our business development presence in the US

Our Stakeholders and Section 172(1) Statement

GENERATING VALUE FOR ALL OUR STAKEHOLDERS

At ITM Power our business model is the central driver which informs and inspires discussions for our executive team and the Board. It determines the resources and partnerships required to carry out our growth strategy.

We are motivated by constant progress and innovation. Engaging with and learning from employee, customer, supplier and other key stakeholder input is a critical component of what we do and how we grow the business. Understanding the needs and priorities of our key stakeholders enables us to build strong and positive long-term partnerships and is critical to our success. We actively and regularly seek input, in order to enhance and adjust our products, processes and operations.

To assist the world in reaching net zero by 2050, we must look beyond our own supply chain. As a result, we actively participate in and champion industry organisations that support sustainable energy and drive legislation, as well as engaging with schools and colleges to educate the future generation about green hydrogen.

Statement from the Board

During the year, the Board acted in good faith to promote the long-term success of ITM Power.

In accordance with Section 172(1) of the UK Companies Act 2006, each Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Board oversees the operation and development of ITM Power in order to optimise its equity value over the long term, without regard to any shareholder's individual interests. Jürgen Nowicki, one of our Non-Executive Directors, is appointed by a major shareholder of ITM Power (Linde). However, each of the Directors recognises his or her responsibilities under the Companies Act to behave and conduct themselves fairly amongst Company members. We realise that all of our decisions may have an impact on ITM Power's shareholders through their impact on the business's future success and confirm our due respect in this regard. Decisions, likely to promote the success of the Company while considering the long-term interests of stakeholders, are made through rigorous analysis, debate and consideration of all the relevant factors.

In order to deliver our strategy in a sustainable manner, we acknowledge that we must examine our Company's commercial, financial, social, environmental and ethical considerations and implications. We observed, reviewed, and promoted ITM Power's progress against the yearly business plan and targets throughout the year. Financial and non-financial criteria, including ESG data, are included in the targets.

When making strategic decisions, we strive to balance the interests of our stakeholders in ways that are consistent with ITM Power's long-term, sustainable growth. The Board obtains stakeholder viewpoints to inform its decision making through direct involvement where possible, although due to the quantity and distribution of ITM Power's stakeholders, stakeholder interaction frequently occurs at an operational level. In this example, the Board learns about stakeholder perspectives through communication with senior management and regular reporting.

The major stakeholder groups that we have identified are those that have significant interactions with our business model and are influenced by our business operations. The importance of each stakeholder group varies based on the choice being made. The Board must balance many, and often conflicting, perspectives, which means that it is not always possible to satisfy everyone's desired outcome or create a favourable end for all stakeholders. Ensuring that our Company runs responsibly is critical to our long-term success. The Board of Directors is in charge of overseeing a corporate governance framework that allows the appropriate people to make the right decisions at the right time.

We recognise that the long-term success of our business is intrinsically linked to our ability to meet the needs and expectations of our stakeholders. By adhering to the principles outlined in Section 172(1) CA 2006 and maintaining a strong commitment to corporate governance, sustainability and ethical business practices, we aim to create value for all our stakeholders while driving sustainable growth and profitability for our shareholders.

On the following pages, we have provided examples of how we have engaged with our stakeholders during the year, which have supported the Board decision making process.

Our Stakeholders and Section 172(1) Statement continued

Statement from the Board continued

You can read more about key aspects of Section 172 considerations as follows:

Section 172 (1) matters	Relevant disclosures
The likely consequences of any decision in the long term	› Our Business Model on pages 14 and 15 › CEO's Review and CFO's Review on pages 8 to 13
The interests of the Company's employees	› Stakeholder Engagement: Our People on page 19 › Sustainability report: Our Social Impact on pages 28 to 30 › Principle 3 at https://itm-power.com/investors/corporate-governance › https://itm-power.com/careers
The need to foster business relationships with suppliers, customers and others	› Stakeholder Engagement: Customers and strategic partners on page 19 › Principle 3 at https://itm-power.com/investors/corporate-governance › Business Partner Code of Conduct at https://itm-power.com/sustainability
The impact of the Company's operations on the community and the environment	› Stakeholder Engagement: Local communities on page 21 › Sustainability report: Our environmental impact on pages 24 to 27 › Principle 3 at https://itm-power.com/investors/corporate-governance
The desirability of the Company maintaining a reputation for high standards of business conduct	› Sustainability report: Our governance on pages 31 and 32 › Code of Ethics at https://itm-power.com/sustainability › Principle 8 at https://itm-power.com/investors/corporate-governance
The need to act fairly as between members of the Company	› Stakeholder Engagement: Investors on page 18 › Principle 2 at https://itm-power.com/investors/corporate-governance

INVESTORS

Investors provide equity capital for our business. They hold management and the Board to account for operational, commercial and financial performance, and key environmental, social and governance (ESG) matters.

Our approach

We actively engage with our shareholders, communicating our strategic priorities to ensure that our strategy is aligned with the interests of our shareholders.

We are committed to openness and transparency with our capital providers and the effective management of risk, and our shareholders hold us accountable for doing the right thing.

Our engagements mean that we understand their expectations and can execute our strategy, which delivers sustainable shareholder value creation. This, in turn, should enable us to attract new investors to support the Company's growth ambitions.

How we engage:

- The Board, supported by the Investor Relations team, is available to meet current and potential shareholders
- The Board is kept regularly apprised of analysts' views
- Shareholder communication coordinated by the Investor Relations team with the Company Secretary and NOMAD
- Regular one-to-one meetings, attendance at broker conferences, and investor roadshows
- Price-sensitive information shared through the London Stock Exchange's Regulatory News Service
- Shareholders can attend our Annual General Meeting (AGM) and any Extraordinary General Meeting (EGM), which Board members attend
- With our interim and final results reports, supported by webinars and roadshows
- Regular updates posted to the Investor Centre section on the Company's website and specifically the Investor Relations section

Action taken:

- We conduct online and in-person investor events to facilitate the broadest possible engagement
- We have engaged with some of the larger investors who have dedicated ESG teams to aid their understanding of us and obtain their views on our approach to ESG

Our Stakeholders and Section 172(1) Statement continued

OUR PEOPLE

Our working environment is underpinned by a mindset which prioritises integrity and respect. We know we are a stronger collective with diversity of thought and experience.

Our approach
As the business continues its journey from R&D organisation to global manufacturing, building and growing the capabilities of our teams is essential to ongoing success.

Creating an environment where our people can grow their expertise and challenge themselves for continuous improvements ensures we have a working culture that enables us to both attract and retain key talent within ITM.

How we engage:

- Our people are informed of matters affecting them directly and on the various factors affecting the performance of the Group through a variety of mechanisms from online communications to town hall meetings
- We work with nominated employee representatives to ensure valued consultation and information flows on proposed changes to terms and conditions or our ways of working
- We continue to have an open-door leadership culture where Directors and senior managers welcome feedback and the opportunity to discuss business improvement
- We conduct engagement surveys. The CEO presents the outcomes to the business and drives our action plan for improvement
- We recognise above and beyond contributions at work through manager nominations and feedback
- Regular reporting of key workforce performance indicators to the Board

Action taken:

- We continue to hold regular town hall meetings with employees providing clear business updates as well as an open forum for the workforce to ask questions to the executive team and to celebrate success
- We have reviewed and benchmarked employee remuneration to ensure we remain competitive in the market – introducing a new ITM Living Wage of £14 per hour, compared with the National Living Wage of £11.44 per hour
- We have delivered significant learning and development to grow skills and keep our employees safe
- We have defined our new vision, mission and values to guide our delivery evolution, focusing on our commitments as a professional service delivery business

Further reading:

- See more information about what we do for our workforce on pages 29 and 30
- See our values on page 28

CUSTOMERS AND STRATEGIC PARTNERS

Customers buy our products, directly or indirectly.

Potential customers offer a pipeline of opportunities to sell our products.

We continue to seek and identify strategic partners to support our journey as we scale our impact, industrial reach and market penetration.

Working with safety at the heart of everything we do, our people utilise superior technology and precision manufacturing to deliver the world's best electrolysers. With a constant focus on innovation, our people work to provide an exceptional service to our customers.

Product innovation, quality and aftermarket service are key to the success and strengthening of our partnerships.

Our approach
We aim to exceed our customers' expectations in terms of product quality, delivery performance and customer service. This builds trust and ensures strong and loyal customers.

How we engage:

- We use social media to make customers and stakeholders aware of relevant business and product updates
- We hold regular meetings with our strategic partners' senior managers
- We participate in conferences and industry events every year to ensure a clear market understanding of our business and products
- We use datasheets to provide easy to access information on our products
- Customers can contact us via our website, email or directly calling our dedicated sales lines
- A business development manager is responsible for initial contact with a customer and for maintaining customer contact throughout the lifetime of a project
- A bid manager is assigned to provide specific technical and commercial proposals for a customer
- In execution, a project manager is responsible for delivery in line with the customer contract and expectations
- Updates on customer projects are provided to the executive team and the Board

Action taken:

- We seek customer feedback, especially when we are unsuccessful in a specific opportunity
- We review all won and lost projects to improve our customer facing activities

Further reading:

- See our website for information about:
  - Our electrolysers and how they work: https://itm-power.com/products
  - Markets we serve: https://itm-power.com/markets

Our Stakeholders and Section 172(1) Statement continued

SUPPLIERS

Suppliers provide us with a wide range of commodities and services such as PGMs, components, power supply units, capital equipment, renewable energy, buildings, information technology, telecommunications and professional advice.

Our approach
A globally performing supply chain delivering mutual competitive advantage to ITM and its customers.

How we engage:
- Maintain and develop long-term relationships with our supplier partners
- Work closely with our suppliers on product enhancements, providing them with assistance to improve their adherence to our standards of quality and ethics
- Require suppliers to comply with our ITM Supplier Quality Requirements and Business Partner Code of Conduct

Action taken:
- Enhanced supplier categorisation exercise, considering aspects such as materiality and risk
- Enhanced inventory and supply chain reporting to support active supply chain management
- Strengthened supplier due diligence processes
- Improved the robustness of our contracting with the supply chain
- Commenced creation of supplier performance procedure and scorecard to monitor, measure and define actions with suppliers

Further reading:
- See our Business Partner Code of Conduct on our website at https://itm-power.com/sustainability

REGULATORS AND INDUSTRY BODIES

Regulators set standards for our products and industry.

Industry bodies work to develop our industry's future.

Funding bodies provide grants for some projects.

Our approach
Regulators and governments are vital to our business as they are policy setters and influence the markets in which we operate.

How we engage:
- Participate widely in industry bodies and work with stakeholders and regulatory bodies through our membership of key industry associations in different territories
- Work with key committee and standards groups in the UK, the EU and other countries both to ensure compliance with existing standards and to support development of new standards around this emerging industry
- Contribute to consultations in the UK and the EU through direct responses and contributions to working groups, including our CEO being a member of the UK government's Hydrogen Delivery Council, and work closely with organisations such as the European Union's Clean Hydrogen Joint Undertaking, Innovate UK and DESNZ as funders of our grant-funded projects

Action taken:
- Worked with standards groups to gain ASME compliance for our stacks, widening our market reach, and with the Environment Agency and HSE as new processes are brought online to ensure staff safety and that noise and emissions are within acceptable limits
- Participation by our CEO in COP28 and the EU hydrogen mission to Japan as well as an ITM presence at the Global Energy Conference, the World Hydrogen Conference, World Hydrogen Week and the World Hydrogen Summit and Exhibition, where we launched our portfolio addition, NEPTUNE V
- Continued discussions, progress reviews and input into upcoming funding streams with our critical funding partners, including responses to the UK GIGA consultation and input into the next European Clean Hydrogen calls. We will continue these activities in the future, building the successful engagement in the previous year

Our Stakeholders and Section 172(1) Statement continued

LOCAL COMMUNITIES

We are a responsible, sustainable employer in the communities where we operate – having a desire to provide worthwhile, fair paid employment opportunities in an environment which enables our people to thrive.

Our approach

We aim to proactively contribute to our local communities and society in general.

We operate within local communities and seek to be a positive influence around environment, education and health.

How we engage:

- ITM Academy is responsible for engaging with local schools and colleges to promote (STEM) careers activities, ensuring we are supporting education in the local area, driving awareness for employment in sustainable roles
- We provide wide-ranging work experience opportunities for young people in local schools and colleges to explore working life in a manufacturing business
- We support our apprentices to play an active role in inspiring the next generation of apprentices in STEM-related careers

Action taken:

- We have grown our Quality, Health and Safety across our wider operations by recruiting in this field in Germany
- We have provided three work experience opportunities in the FY in STEM-related parts of the business. Working closely with the UTC Academy Trust in Sheffield, we have carried out STEM presentations to circa 100 young people promoting apprenticeship careers in STEM subjects

Further reading:

- See our pages 28 to 30 for more information about our social impact

Sustainability Report

Environmental
Our impact on the planet

Operations | Products | Energy | Climate

	What we're doing
Goal 7 Affordable and clean energy	Our continual progress to develop more reliable, efficient and cost-effective electrolysis solutions will support the widespread adoption of green hydrogen. This will directly contribute to ensuring access to affordable, reliable, sustainable and modern energy for all.
Goal 12 Responsible consumption and production	By harnessing the considerable efficiency gains of our technology, we can reduce GHG emissions. Through electrolysis, our electrolysers enable the production of emission-free, clean green hydrogen, helping the world switch from hydrogen produced directly from fossil fuels. At ITM we strive to prevent the generation of waste with our recycling methods. Under our enhanced scrap policy, we recycle, where possible, all metals and other raw materials from obsolete electrolysers, thereby contributing to the circular economy.
Goal 13 Climate action	Climate action is in our DNA and our sole purpose is to scale up to help the world decarbonise and achieve net zero. By maintaining and establishing key strategic partnerships, ITM is deploying its innovative technology to accelerate its role in climate action. ITM monitors its own energy consumption and carbon emissions while continually ensuring to minimise the impact of energy generation.

Social
Our positive contribution to the lives of our people and local communities

Engagement | Vision and values | Health, safety and wellbeing | Diversity and inclusion

	What we're doing
Goal 11 Sustainable cities and communities	Green hydrogen, such as that produced with our electrolyser systems, can be used as zero-emissions fuel for mass transit systems. This contributes towards target 11.2: by 2030, to provide access to safe, affordable, accessible and sustainable transport systems for all.

Governance
How we conduct ourselves

Ethical behaviour | Human rights | Cyber security and data protection | Resilience and risk management

	What we're doing
Goal 9 Industry, innovation and infrastructure	Through our leading edge innovations and new research methods, our products are helping industries to decarbonise. ITM continues to manufacture best-in-class PEM electrolysers. Our technology provides a significant upgrade to existing infrastructure and retrofit industries to make them sustainable, with increased resource use, efficiency and greater adoption of clean and environmentally sound technologies for industrial processes.

Sustainability Report continued

PEOPLE, PLANET AND CLEAN ENERGY PRODUCTS

Our goal is to use the power of our electrolyser technology to help the world reach net zero using green hydrogen to decarbonise hard to abate industries.

We will accomplish this through the products we produce, and by actively participating in the development of the hydrogen industry to support a more sustainable global energy future.

However, we don't just focus on the positive environmental impact of our products. We're also focused on making sure that our business is engineered sustainably. For us, this is about managing our social and environmental impacts so that we meet the expectations of our employees, customers, suppliers, shareholders and the communities where we operate.

100 % of our revenue is derived from clean technology. We are proud to hold the LSE Green Economy Mark for listed companies and funds generating over 50% of their revenues from positive environmental solutions.

We are pleased to have maintained our MSCI ESG rating of AA for the fourth year in a row and are now ranking in the top 11% of all companies in our sector.

We are proud to be fully ISO certified for our integrated management systems:

ISO 9001: 2015
Quality assurance management system

ISO 14001: 2015
Environmental management system

ISO 45001: 2018
Occupational health and safety system

Sustainability Report continued

OUR ENVIRONMENTAL IMPACT

Energy and climate impact

Importance to ITM Power

Our goal is to create a net zero society where everyone can breathe pure air. While our products are made to run on renewable energy, we can also contribute towards our vision by running our own operations responsibly and lowering our own carbon footprint, which includes the carbon that is embedded in our products.

Approach and policies

To better manage our environmental impact, we maintain a UKAS-accredited environmental management system to the specifications outlined in the international standard, ISO 14001:2015. The programmes used for accreditation included wide staff participation and consultation with employees, as well as auditing processes in the pursuit of zero harm to people or planet. We ensure the efficacy of the management system through routine internal audits and monitoring.

Environmental improvement programmes

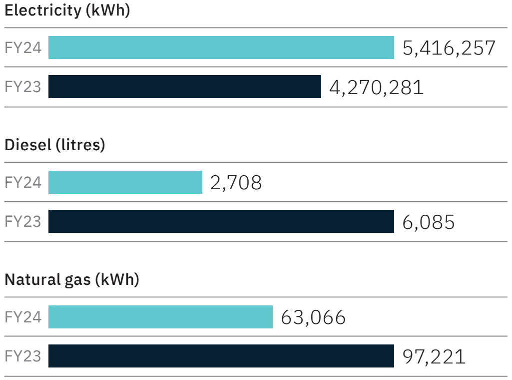
Beyond our own operations, all of our business partners are required by our Business Partner Code of Conduct to use energy and natural resources responsibly, as well as to continuously seek out methods to reduce waste, emissions, and discharge from their operations, goods, and services.

Framework and reporting

As we continue to build our climate plan, we realise the significance of good governance and transparency in our reporting and present on pages 26 and 27 an overview of our current approach in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Streamlined Energy and Carbon Reporting (SECR)

Energy consumption



Notes:

1. Electricity consumption figures cover our UK offices and factory, and hydrogen refuelling station in the Orkney Islands, as well as our offices in Germany and Australia. Where consumption data was unavailable, estimates were made based on spend, historical consumption and property averages.
2. Diesel consumption is based on actual litres of fuel recorded on fuel cards.
3. Natural gas consumption figures cover our UK offices and factory as well as our offices in Germany. Where consumption data was unavailable, estimates were made based on historical usage.

	FY24	FY23
Proportion of electricity procured from renewable sources	**99.2%**	96%

Note:

1. Electricity consumption figures cover our UK offices and factory, and hydrogen refuelling station in the Orkney Islands, as well as our offices in Germany and Australia.
2. FY23 figures have been restated. Where possible, we have used actual data rather than estimates and assumptions.

Sustainability Report continued

ENERGY AND CLIMATE IMPACTS

Streamlined Energy and Carbon Reporting (SECR) continued

The calculation of our carbon footprint follows the methodology set out by the GHG Protocol for corporate accounting and the output can be found in the table below and complies with the requirements of Part 7A of Schedule 7 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) regarding disclosure of GHG emissions.

Carbon footprint (tCO_2e)	FY24	FY23
Scope 1	62	24
Scope 2 (location-based)	1,121	717
Scope 2 (market-based)	4	0
Scope 3	15,951	16,013
Total (location-based)	**17,138**	16,755
Total (market-based)	**16,017**	16,038
Total emissions	**17,138**	16,754
Intensity ratio[7]		
Scope 1 and 2 emissions intensity ratio (tCO_2e/employees)	3.84	2.06
Scope 1, 2 and 3 emissions intensity ratio (tCO_2e/employees)	55.63	46.67

1. Number of employees as at 30 April 2023 was 359, and at 30 April 2024 was 308, which has had a negative impact on our intensity ratio.
2. FY23 figures have been restated. Where possible, we have used actual data rather than estimates and assumptions.
3. Our footprint was calculated using the methodologies set out in the GHG Protocol Corporate Accounting and Reporting Standard. An "operational control" approach has been used to define the emissions boundary.
4. Entities included in the footprint are as follows: ITM Power PLC; ITM Power (Trading) Limited; ITM Power Inc.; ITM Power GmbH; and ITM Power Pty Ltd.
5. In the calculation and preparation of our carbon footprint we have considered a number of relevant sources, including the 2024 Government GHG Conversion Factors for Company Reporting, published by BEIS; the Homeworking Emissions Whitepaper 2020 published by EcoAct; and Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities, published by the United States Environmental Protection Agency.
6. Scope 1 emissions are derived from natural gas heating our facilities and fuel consumption within our vehicle fleet. Where natural gas consumption data was unavailable, estimates were made based on spend, historical average and average consumption figures based on property size and use. This led to a large decrease in FY24 when actual data has become available.
7. Scope 2 emissions are derived from electricity consumed by our facilities.
8. Scope 3 categories included in this calculation include purchased goods and services, fuel and energy-related activities, waste, business travel, employee commuting, upstream leased assets, use of sold goods and investments. Notes on the calculation methodologies for these categories are as follows:
   a. Purchased goods and services: a financial allocation model was used using emission factors provided by the United States Environmental Protection Agency.
   b. Fuel- and energy-related activities: BEIS 2024 conversion factors were used to calculate well-to-tank GHG emissions from fuel usage and transmission and distribution losses from purchased electricity and well-to-tank emissions from fuels.
   c. Waste: BEIS 2024 conversion factors were used according to mass of waste disposal by destination.
   d. Business travel: emissions related to air and rail travel and hotel stays were obtained from our business travel service providers. BEIS 2024 conversion factors were used for mileage for personal cars and taxis.
   e. Employee commuting: data comprising employee home postcode, place of work and share of days worked in office was collected by employee survey. National travel survey data, together with BEIS 2024 conversion factors, was used to determine commute emissions intensity. Homeworking emissions were calculated on the basis of the methodology set out in the Homeworking Emissions Whitepaper 2020 published by EcoAct.
   f. Upstream leased assets: BEIS 2024 conversion factors were used together with the volume of materials consumed to operate leased assets.
   g. Use of sold goods: sold goods are considered to be those electrolysers that have completed site acceptance testing during the reporting period. The lifetime energy consumption of these units, together with the share of green electricity used for their operation and grid emission factors, was used to calculate lifetime emissions.
   h. Investments: data on electricity and district heating consumed by ITM Linde Electrolysis GmbH was collected and converted to emissions using location-specific conversion factors.
9. When choosing our carbon intensity ratio we explored different options such as revenue or floor space, but felt number of employees was most reflective of business performance.

Energy efficiency actions taken

Sustainable Energy addresses our core business purpose, which is to help the world reach net zero through the power of green hydrogen. Within our facilities we strive to reduce energy use wherever possible.

In FY24 several energy reduction programmes were initiated, including encouraging employees to switch off lights and equipment when not in use to reduce energy waste. Our 6S programme facilitates this behaviour change and is audited monthly.

Our facilities and maintenance team implemented a full proactive maintenance schedule for all machinery and equipment to help reduce energy consumption and keep machinery and equipment operating at maximum efficiency.

All cleaning is performed during core working hours, reducing the need for all lights to be on out of hours, thus cutting energy waste.

Our energy monitoring dashboard, analysis of half-hourly energy data and analysis of energy invoices helps us to identify energy waste and patterns of consumption, providing key insights that feed in to future energy reduction schemes.

In FY24 energy compliance schemes such as ESOS Phase 3 helped us to identify energy saving opportunities, evaluation and implementation of these opportunities will provide a reduction in consumption in the upcoming financial years.

Future plans

We are working to develop a climate strategy for the business. Our climate goals and aspirations will be outlined in this strategy, which will apply to both our internal operations and the entire extended value chain.

Further reading
› Corporate governance section of our website
itm-power.com

Sustainability Report continued

CLIMATE-RELATED FINANCIAL DISCLOSURES

The Task Force on Climate-related Financial Disclosures (TCFD) standardises climate-related disclosure methodology, allowing us to give clear and comparable data to enable informed capital investment and strategic direction. As an AIM-listed company with fewer than 500 employees, we are exempt from reporting against TCFD recommendations at this time. We nevertheless continue to voluntarily develop our framework to align to TCFD, allowing us to provide strong foundations for full compliance with the TCFD's recommendations as and when they become applicable to ITM below.

1 Fully aligned and compliant with TCFD

2 Partially compliant with TCFD (compliance expected within 24 months)

3 Non-compliant (compliance timeline 24 months plus)

Governance	Describe the Board's oversight of climate-related risks and opportunities. 2	The Board provides overall leadership and independent oversight. It is primarily responsible for our strategic plan, risk management, systems of internal control and corporate governance. It retains control of key decisions. The Board has delegated authority to the ESG Committee for the development of the Group's ESG strategy, policies and programmes and associated matters.
	Describe management's role in assessing and managing climate-related risks and opportunities. 2	Ownership and governance for sustainability-related risks and sustainability commitments are embedded within our business.
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. 2	Risks in the short term: › As we scale up our business to respond to the demand for green hydrogen, our impact on the environment will increase and we may not be able to mitigate this. Risks in the medium and long term: › Increased severity and frequency of extreme weather events such as cyclones and floods may disrupt or limit our ability to manufacture our products. › Changing weather and precipitation patterns may impact the cost and/or availability of materials. › Regulation related to greenhouse gas (GHG) emissions may increase costs across our value chain. › Regulation related to water stress or water scarcity may disrupt or restrict our production capability. › Lack of availability of clean water may restrict the effectiveness of our product.
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. 2	Opportunities in the short, medium and long term: › The increased focus on, and adoption of, green hydrogen provides a significant opportunity for our business. › PEM electrolysers use less water than steam methane reformers (SMRs), which are currently the main source of industrial hydrogen. › Electrolysis is the only fuel that does not deplete oxygen in producing fuel – green hydrogen is the only oxygen and water balanced fuel. › Reduction, reuse and recycling of components within our electrolysers presents an opportunity to reduce our impact on the environment. While it is difficult to accurately estimate the financial impact of any climate-related disruption to our manufacturing operations, a short interruption to our production capabilities due to extreme weather events could have a significant impact on our business in the future. Such weather events could also have a significant impact on our supply chain, which could result in supply restrictions and/or increased costs.

Sustainability Report continued

Strategy continued	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. 3	A scenario analysis to determine resilience of our strategy against different climate-related scenarios has not yet been completed but will be considered as part of our strategic planning and initiated when appropriate.
Risk management	Describe the organisation's processes for identifying and assessing climate-related risks. 2	Our climate-related risks are integrated into our enterprise risk management approach, which is documented on page 32 . Our enterprise risk management process takes into account existing and emerging regulatory requirements, corporate operations, external and internal strategic threats, operational concerns, and compliance with laws and reporting duties. We have not, to date, completed a specific climate-related risk assessment but it will be taken into account as part of our risk management processes and will be progressed as appropriate.
	Describe the organisation's processes for managing climate-related risks. 3	Currently, climate-related risks are managed in the same way as our other principal risks, as outlined on page 33. We will review this approach at such time as we complete a standalone climate-related risk assessment.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. 3	Our risk management approach, which is described on page 32, is applied in the same manner for all of our risks in order to assess and identify both existing and emerging risks and opportunities, including those which are climate related.
Metrics and targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. 3	The calculation of our carbon footprint follows the methodology set out by the GHG Protocol for corporate accounting and the output can be found in the table on page 25. As we are not required to comply with the requirements of Part 7A of Schedule 7 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) regarding disclosure of GHG emissions, we have not provided all the information required under the regulations.
	Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks. 2	The ITM Power scope 1, scope 2 and scope 3 emissions are shown on on page 25. GHG-related risks will be assessed as part of the climate-related risk assessment when completed.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. 3	Specific targets identified to manage climate-related risks and opportunities will be formalised following the climate-related risk assessment.

1 Fully aligned and compliant with TCFD

2 Partially compliant with TCFD (compliance expected within 24 months)

3 Non-compliant (compliance timeline 24 months plus)

Sustainability Report continued

OUR SOCIAL IMPACT

Working at ITM Power

FY24 has been a time of significant change across the business, post the organisational restructure that took place in 2023. Our leaner, flatter structure has meant a change to the way we work, at the same time as driving improvements in our working practices to underpin our business capability.

People engagement

We have continued with multiple ways for employees to engage with business leaders and to have a voice. Our regular town hall meetings stimulate key employee-led discussions and our ITM Voices Forum remains well supported and provides an opportunity to informally consult and provide feedback. Given the business-improvement focus, it has been essential to keep our employees informed and involved to enable them to thrive and grow as part of this.

Providing team members with the opportunities to grow capability and experience as part of a longer-term career path is essential in a growing business. Our transformational change journey is enabling capable employees through their day-to-day activities to add real value to the business and to client projects that will help decarbonise their operations.

We have invested heavily in ensuring our skills matrix is where it needs to be across all areas of the business to drive our operational capability. Key actions have included the building of technical skills as required and also targeted external hiring to complement our existing team in the UK, Germany and the US to heighten our capabilities to deliver in line with our customers globally.

We recognise that nurturing and developing talent is critical to support the business success and we have invested the equivalent of £340 per employee in technical and leadership development over the last 12 months. We continue to invest in early careers talent through apprenticeships and industrial placements with gap year students in STEM-related fields and beyond. In FY24, four apprentices successfully completed their programmes and remain with ITM on a full-time basis.

We have introduced an all-employee health cash plan and a senior leaders private health care scheme as part of our wider employee value proposition.

Vision and values

FY24 saw the launch of our new ITM Vision and Values statements. This approach focuses on safety being at the heart of everything we do, our mission being to deliver the world's best electrolysers to enable customers to decarbonise their operations. Our leadership and management continue to work with their teams to prioritise innovation, integrity and respect in our working practices.

VISION AND VALUES

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

Sustainability Report continued

Employee health, safety and wellbeing

Initiatives in the year

- Successful integration of the Quality and Health and Safety departments into one focused and aligned functional unit (QHSE)
- Introduction of bi-annual safety "stand-downs"
- Enhanced SOS "near miss" QHSE reporting system
- Enhanced health and safety metrics reporting
- Implementation of a Stop Work Policy
- Implementation of scrap policy and process improvements
- Improvements made to the adverse event procedures and policies
- Maintained certification of ISO 9001, ISO 14001 and ISO 45001 standards

Here at ITM Power, we are developing, improving and embedding a world-class quality, safety and environmental culture that supports our production facilities to deliver on our "safe every time" ethos to our customers. A key step forward in this goal was the integration of the quality and health and safety teams into one QHSE team which is now able to support better cross-functional communication and tracking of improvement opportunities.

This new structure has enabled the teams to work even closer with our manufacturing, research and development teams. This has, in turn, supported ITM to deliver the operational ramp-up and improvements in production and product development whilst maintaining a steadfast safety-first focus.

Accidents and incidents

- Enhanced health and safety metrics reporting

The ITM health and safety targets and objectives are revised annually based on the previous year's performance and any other notable events or changes. Once agreed, they are communicated through the business and are reviewed every month by the Executive Committee and at each Board meeting. During FY24 this process resulted in the development of a new suite of key performance indicators to allow robust oversight of health and safety matters at all levels of the organisation.

The FY24 reporting data is shown in the table below:

	FY24	FY23	FY22
On-job fatalities	**0**	0	0
Lost time incidents (LTI)	**2**	0	2
LTI rate*	**3.5**	0	3.5

* LTI rate: per 1 million hours worked. Calculation based on next shift absence.

Two safety stand-downs were held during the year, during which all operations were suspended to ensure full engagement with targeted health and safety interventions, both of which resulted in tangible improvements to performance in the areas of focus. We are confident, that interventions like these, and the other improvement plans outlined in this report, will continue to support improvements in our incident and accident rates.

Systems and policy

We encourage challenge and intervention when something is not how it should be, and we promote our staff to "see it, sort it, report it" in the pursuit of continual improvement in our people, processes, and outputs. Our systems are key to continual improvement and this year we have developed improved dashboards taking into account the newly refreshed metrics. This enhanced reporting offers up-to-date information on performance which enables us to focus on any areas that require attention immediately.

Our management systems continue to be accredited to ISO 14001, 45001 and 9001 standards which gives ITM, our customers, and our supply chain a comfort that we have the framework to deliver our products and services safely and efficiently.

Our Health and Safety policy, which is a Board-approved statement of intent, serves as the basis for enhancements to all of our linked processes and management systems. It is published on our intranet and all employees are required to review it upon joining. Out in the field, where we support installation, commissioning or maintenance of our electrolysers for our customers, we ensure an open and collegiate approach to ensure all parties are committed to delivering safe site operations.

Engagement and training

- Enhanced SOS QHSE reporting system

Via our QHSE Committee we are engaging all levels within the business to attend, contribute, and feed back issues and projects to their teams with contributions to our key performance indicators and personal targets for all who attend. QHSE Committee members are invited to internal audits and also involved in incident investigations should the need arise. During the year we delivered 10 executive walkarounds to demonstrate senior management's commitment to health and safety and ensuring first-hand visibility of any operational challenges.

ITM Power has a Safety Observation System (SOS). This has been a significant success in our journey from reactive to proactive QHSE management. As we move forward with more staff, bigger products and additional site(s), we have to maintain our trajectory and keep moving forward with executive support that has been there along the journey so far.

We are continually looking to develop our staff in QHSE disciplines, and via the ITM Academy, we are further strengthening our capabilities as we move forward in our journey.

Occupational health

We have a robust and continually improved Occupational Health programme which includes regular screening for industrial injuries, workplace assessments and interventions to support our colleagues to work in a safe and supportive environment.

We continued to focus on mental health awareness and related topics. We have a stress management policy and continue to provide educational resources to both employees and line managers that help to increase understanding of how certain conditions are directly and indirectly related to mental health. In addition to our Employee Assistance programme and Mental Health First Aider programme, we maintain a number of policies and procedures to support our people through life events or other situations that have the potential to impact their mental wellbeing.

Our future outlook

As we expand our workforce, introduce larger-scale products and establish additional sites, it is essential to sustain our momentum and continue progressing with the ongoing support of our executive leadership. We remain steadfast in our commitment to being a safe, secure and reliable organisation and look forward with confidence to our future advancements in this endeavour.

Sustainability Report continued

Employee training and development

Importance to ITM Power

Our team is fundamental to the transformational journey that ITM is on. It is essential that our employees maintain and enhance their expertise whilst also ensuring high standards of technical competence aid our ongoing efforts to increase the creativity and quality of our outputs.

Approach and policies

Our actions are centred around assessing individual competence and department capability when it comes to addressing and anticipating current and future learning and development needs. Our internal processes provide the opportunities to discuss not only role specific training requirements but also aspirational growth plans.

For FY24 we have delivered almost 10,000 training hours. This included a wide-reaching leadership and management development programme, business process training, and extensive technical skills development training, alongside health and safety training that goes well beyond just compliance.

Outside this commitment, we have supported 15 apprentices as part of their ongoing development. Three apprentices have successfully completed their apprenticeships in this time and have been offered an ongoing position within the business. We work closely with the University of Sheffield and the Advanced Manufacturing Research Centre to actively support STEM career choices.

Upcoming plans

We continue to invest in all aspects of training delivery, not least in advanced manufacturing techniques and design requirements. We will also enter into the second phase of our leadership and management development programme, enabling our management teams to thrive in times of change.

Further reading

› Corporate governance section of our website

itm-power.com

Equality and diversity

Importance to ITM Power

Recruiting, keeping and supporting employees from varied backgrounds allows our Company to better understand the customers that we serve, as well as the Sheffield community where our manufacturing activities are located. It lowers risk, improves employee retention and wellbeing and fosters greater social equality and mobility.

Approach and policies

Our strategy (2022–2025) and supporting plan outline our commitment to ensuring ITM Power is an inclusive place to work. We want a working atmosphere where everyone can use their skills to their full potential, where there is no discrimination or harassment, and where decisions are made on merit. We have a number of policies that support our strategy, not least our Equal Opportunity Policy which contains specific clauses about recruiting and selection, training and development, possibilities for advancement, working conditions, and termination of employment, including redundancy. We have a detailed Anti-Harassment and Bullying Policy that gives examples of the types of conduct that may constitute harassment or bullying, as well as our commitment to eliminating such conduct, to promote a safe and inclusive workplace. We also actively promote applications from suitably qualified and eligible applicants, regardless of disabilities, in our hiring practices. We have also launched new policies focusing on fertility and menopause, as part of our wider family-friendly approach.

We remain focused on and committed to our target of achieving 30% of females in our total workforce by 2030 through our recruitment process and other specific actions aimed at supporting this.

We also published our second Gender Pay Gap Report, and continued our mandatory diversity and inclusion training for managers during the year.

Recruitment and benefits

To support employee relations, we have looked at reward and recognition from a range of perspectives. FY24 saw the roll-out of a new all-employee bonus scheme, providing an opportunity for all employees to share in ITM's success, as underpinned through achievement against Group-wide KPIs. This is in addition to our longstanding BAYE all-employee share scheme.

We also launched a new employee benefits and recognition platform to deliver alternative ways of recognising team members and providing wide-ranging benefits to appeal to all, from financial advice through to green energy vehicles.

All employees: breakdown

Category	FY24	FY23
Gender		
Male	**77.85%**	75.77%
Female	**22.15%**	24.23%
Prefer not to say	**–**	–

Sustainability Report continued

OUR GOVERNANCE

Ethical business and good governance standards

Initiatives in the year

- Implementation of standardised supplier contracts with longer terms (over two years) for consistency and harmonisation
- Implementation of new KPIs and automated supply chain assessments
- Introduction of monthly automated scorecards for performance and delivery
- Continuous improvements across procurement and sourcing practices and supply chain management processes

At ITM Power we recognise that being a responsible business is vital to the success in all our operations and we are committed to sustainable procurement and supply chain management. ITM's suppliers are central to achieving our ambition to scale up. Wherever possible, we aim to use local suppliers and the majority of our direct suppliers are based in the UK.

We fully support ethical and sustainable sourcing practices and compliance with all current legislation. Our Business Partner Code of Conduct sets out our expectations for how we work and for all our suppliers, vendors and people to act with integrity, transparency and adherence to our current policies and practices.

All of our business operations are based on fair and ethical governance practices. Our employees receive thorough training and continued education to support this, starting with a corporate induction and continuing with ongoing learning and development.

Our business environment is competitive and fast paced. Our suppliers must understand this dynamic and be agile and flexible in responding to changing business conditions. The ideal suppliers are those who understand our culture and expectations. We value suppliers who take the time to learn about and understand our business and who look for ways to add value. These suppliers know the importance of making and meeting commitments and delivering the highest quality goods and services.

Policies and systems

Internal governance and compliance:
Our primary policies, which acknowledge, uphold, and defend the human rights of our workers and so serve as the foundation for our moral business conduct, encompass the following topics:

- whistleblowing (as further described on page 51 in the Audit Committee report);
- data protection;
- modern slavery and human trafficking (available on our website);
- anti-bribery and corruption (available on our website);
- equality and diversity (see also page 30);
- employee relations;
- dignity at work; and
- political donations.

These policies are regularly reviewed and communicated to our teams via the company handbook and supported via e-learning modules. We have reporting and escalation processes in place to ensure monitoring. During the year, there were no reported breaches under our human rights, anti-bribery and corruption, modern slavery and human trafficking policies. In addition there were no political donations made during the year.

Supplier governance and compliance:
ITM Power requires each of its suppliers to meet the highest standards for all goods and services. Our requirements include a commitment to ensuring the highest standards of social responsibility via various policies and monitoring requirements, including, but not limited to, the following actions:

- a mandatory acceptance of our Business Partner Code of Conduct via our general conditions of purchase (both available on our website);
- contracts with new suppliers require a guarantee to us that they are compliant with the terms of the Bribery Act 2010;
- monitoring of compliance with the ITM Power PLC Platinum Group Metal (PGM) Supply Chain Policy Statement (where relevant) which can be found on our website; and
- issuance of our Supplier Quality Requirements Document which defines the minimum QHSE requirements, processes and systems for doing business with ITM Power.

Future outlook
We consistently look for ways in which we can provide continuous improvements as we scale up the business; our focus has been on stability and standardising our procedures and processes, screening our existing suppliers and facilities and ultimately providing a world-class service.

Over the longer term, our aims are:

- in conjunction with our finance team, to establish a treasury policy and function to source various currencies at more competitive rates;
- to establish capital agreements with our indirect suppliers;
- to establish a wider sourcing pool for long term sustainability;
- to enhance supplier self-assessments; and
- to enhance internal supplier reporting practices.

Respect for human rights
We recognise the importance of treating the people around us, and those we may impact, with respect but also acknowledge there are practices globally that seek to threaten human rights. ITM Power does not tolerate these practices. In relation to our supply chain activities, we have focused policies on Modern Slavery, PGM Supply Chain and Anti-Fraud and Bribery. Before any supplier can become an approved supplier to ITM Power, they must pass through our due diligence process which involves: site-specific audits where appropriate; detailed responses to a robust onboarding process that examines all relevant areas of the business operation, with special focus on issues pertinent to legislation and ethical factors; and acknowledgement and acceptance of the ITM Power Supplier Code of Conduct. The process is cyclical, to ensure the appropriate focus is maintained on those suppliers deemed as strategically important or as high risk to ITM Power.

Sustainability Report continued

Responsible governance

Importance to ITM Power
Good governance is vital for making us a sustainable organisation as we scale up, reducing risk and adding value to our business. Strong governance is also essential for delivering on our business values.

Approach and policies
As a public company, we consider that our governance processes are already well established. However, we recognise these processes need to be maintained and regularly reviewed to ensure we continue to govern our activities with financial integrity and in accordance with best practice. More information about our corporate governance strategy and how we implement our frameworks can be found on page 44.

Business ethics

Importance to ITM Power
We are committed to conducting business with integrity and high standards of business ethics. As our Company continues to grow, we need robust procedures in place to eliminate these practices and address them wherever they arise.

Approach and policies
We maintain a suite of responsible business policies for our employees, contractors and individuals employed by other organisations which work on ITM Power's behalf. These are some examples of such policies:

- Code of Ethics;
- Anti-Fraud and Bribery;
- Speak Up (Whistleblowing);
- Conflict Management; and
- Hospitality and Gifts.

To defend against unethical business practices, we conduct risk assessments as appropriate, with follow-up analysis performed if potential substantial concerns are detected. Actions and additional training are also provided to parts of the Company that are recognised as being more vulnerable to unethical activities. Beyond our own operations, we incorporate anti-corruption measures in our contracts and our Business Partner Code of Conduct, as outlined on page 31. Our Supplier Requirements Questionnaire for new direct suppliers of materials includes questions about whether suppliers have an anti-corruption policy and/or employee training programme, as well as whether they have been subject to lawsuits or criminal charges for bribery and corruption.

While ITM Power aims to reinforce a healthy culture at all levels of the organisation, we know that sometimes things go wrong. We therefore have an independent whistleblowing channel, as well as internal channels, which employees can use to speak up against possible malpractice or wrongdoing by any employee, supplier, competitor or customer.

Cyber security and data protection

Importance to ITM Power
We have a legal and ethical commitment to protect the personal data of our employees and customers. Furthermore, because the development of our electrolysers is vital to the success of our Company, maintaining systems to ensure our intellectual property is safe and secure is critical.

We also face a world with an increased threat to cyber security. We regularly assess our corporate readiness against external cyber attacks and insider threats.

Approach and policies
Our Data Protection Policy outlines our commitment to legally and properly handling all personal data. Our website outlines our privacy policies for the usage of third-party data, and our Employee Privacy Notice informs our employees about our data privacy practices. We inform all employees of our security practices for reducing the danger of data breaches. We also have a separate Intellectual Property Management Policy in place to prevent the risk of unauthorised disclosure of our trade secrets and proprietary technology. This policy is regularly communicated to our staff.

We have a Patent Steering Committee (PSC) that is in charge of the development of our intellectual property. We acknowledge the value of recognising and capturing innovation in a timely manner, and the PSC meets on a frequent basis to do so. Research in critical areas of business is analysed for new inventions (including research scientists as needed) and these are thoroughly evaluated.

Our Social Media Policy also includes intellectual property clauses, stating that employees should not use social media to endanger our important trade secrets, other private information, or intellectual property. As part of our new employee induction plan, we also provide data protection and cyber security training.

Risk-based cyber security measures help to ensure the integrity, confidentiality and availability of our data. Regardless of where our data resides, we apply appropriate safeguards to ensure a sustainable and robust corporate environment in the interests of our stakeholders.

Resilience and risk management

Importance to ITM Power
We are focused on continuing to develop and enhance our control mechanisms to manage risk and maximise the returns for all our stakeholders.

There are various risks and uncertainties that could impair our strategy's implementation as well as our short-term performance. Proactively recognising, managing and minimising risks are critical to our Company's success.

Approach and policies
We have a risk management system in place that makes it easier to identify, evaluate and mitigate risks. The Executive Directors analyse the risks that we face, including financial risks, and the Board identifies and reports on our key risks, along with a description of our governance mechanisms for identifying, assessing, and mitigating these risks, including any recognised ESG concerns. The Board is responsible for the risk framework and strives to guarantee that we are able to fulfil our goals without exposure to unmanageable risks. Executive Directors are in charge of recognising, managing and minimising risks. Full details can be read on page 33.

Principal Risks and Uncertainties

OUR APPROACH TO RISK

Our risk management process is underpinned by an integrated approach to managing risk across the Group through the three lines of defence model. It involves identifying, understanding and addressing risk to enable the business to achieve its strategic and operational objectives, and in so doing delivering its commitments to all stakeholders.

Other significant risks considered:

Risks associated with the environment and climate change
Businesses across all industries and markets are facing increasing scrutiny relating to their ESG policies. The Board's ESG Committee has oversight of the Group's ESG activities and has engaged external consultants to assist in the development of our ESG strategy, as well as the measurement of our own carbon footprint, which supports our drive to reduce our carbon-intense production areas.

Risks associated with potential regulatory changes
The Group's strategy has been formulated in light of the current legal and regulatory environment in which it operates, and considers anticipated changes to that environment. Unanticipated changes in the legal and regulatory environment may therefore have a negative impact on the business. We are proactively engaged with the governments and regulatory bodies in the United Kingdom, the European Union and others to this end and maintain active membership and key roles in relevant committees, trading associations and compliance bodies – in so doing supporting the development and standardisation of policies, regulations and codes within the green hydrogen industry.

Our risk framework

The organisational risk management framework comprises the recording and management of "top-down" strategic risks, which are discussed by the Board and executive leadership team, as well as "bottom-up" risks, which capture potential operational issues. Our risk assessment model considers:

- the probability of a risk materialising; and
- the potential impact if the risk did materialise.

Board/Audit Committee
The Board is responsible for monitoring business performance. This includes regularly reviewing risks that could impact achievement of the Group's strategic objectives. The Board is supported by an effective corporate governance structure, including the Audit Committee, which has specific delegated authority to review the effectiveness of the Group's internal control mechanisms, financial reporting, internal audit and risk management processes.

Executive team
The executive team is responsible for reviewing and managing the strategic risks within the Group and for providing oversight on operational risks. It provides leadership and direction to employees on risk-taking activity. The executive leadership team also has primary responsibility for driving the development and enhancement of the risk management processes used within the Group.

Quality, health and safety (QHSE) and Legal teams
The QHSE team, in conjunction with the executive leadership team, is instrumental in setting the tone in relation to safety matters. This includes obtaining and maintaining the Group's ISO certifications, which are supported by business assurance reviews. The Legal team supports the executive leadership team to oversee all aspects of corporate compliance.

Departmental management
The management teams in each department within the Group are responsible for the day-to-day management of risks within their area, ensuring that risks are appropriately identified, prioritised and mitigated.

Principal Risks and Uncertainties continued

The Board has identified those risks which are deemed principal to its business due to their potential severity and link to the Group's strategy, markets and operations, which are set out below. This is not intended to be an exhaustive list. Additional risks not presently known to management, or risks currently deemed to be less material/strategically important, may also have the potential to cause an adverse impact on our business.

Risk	Risk impact and description	Mitigation	Change to risk
1 Market dynamics	The macro-economic environment continues to present several external challenges during the year, including ongoing volatility within energy markets, higher than long term inflation and international conflicts. High energy prices and subsequent cost-of-living increases remain challenging. Whilst the last year has seen a reduction in the volatility mentioned, there remains a lag to decisive, large-scale investment by customers. In our industry, it has been apparent that a number of investment decisions in hydrogen projects have been delayed. The growth of the green hydrogen market relies on stable policy and support mechanisms for both supply and demand.	› Our vertically integrated technology approach allows incremental product evolution and provides us with the capability to rapidly adapt to changing market needs. › We seek to create partnerships, frameworks and preferred supplier status with key customers wherever possible. › Our first-mover status on several mid- to large-scale projects gives ITM Power a strong advantage over competitors. We are seeing more investment decisions being made, as global industrial players' confidence in green hydrogen technologies grows. › We continue to ensure that we have engagement with politicians across the political spectrum to maintain a high profile for the ITM story as part of net zero.	→
2 Technology	As we are developing new technologies, unforeseen difficulties and obstacles may arise which can result in the product not performing as expected, damage to our reputation, delayed or lost revenue, increased development spend, service and warranty costs and potential product liability claims.	› We continue to enhance our processes and procedures to support systematic and routine testing and validation of current and new technologies. › This is supported through extensive data collection for products both under testing and in the field.	↓

↑ Increase ↓ Decrease → No change

Principal Risks and Uncertainties continued

Risk	Risk impact and description	Mitigation	Change to risk
3 Supply chain	Our pace of growth poses risks with our supply chain, to supplier capability, quality, scalability, and working capital management. We rely on third-party suppliers to provide raw materials and components for our products that are critical to our manufacturing process. In some cases, this is through a single supplier. Price volatility of precious metals used within our core technology could lead to costs of projects being underestimated. A new or existing supplier's failure to provide materials or components in a timely manner or in the right quality or quantity may harm our ability to manufacture products. An IT system failure or non-availability, cyber-attack or breach of system security could disrupt our operations, cause the loss of, destruction of, or unauthorised access to sensitive, confidential or personal data or information.	› Where we rely on a single supplier, we seek to enter into appropriate contracts with these suppliers or a future strategy to source different product portfolios with different suppliers where appropriate. For other materials, we employ a multi-sourcing strategy. We continue to review opportunities to bring processes in house to address potential intellectual property (IP), quality and security of supply risks. › Timely and accurate forecasting models have been adopted to provide better visibility of volume requirements over time and to drive action plans ahead of requirement for supply chain readiness. › We have a PGM strategy which minimises risk and is regularly reviewed by the Board. › We undertake regular reviews and testing and maintain robust and effective security policies, controls and technologies to protect commercial and sensitive data and to ensure the overall system protection in place remains appropriate and proportionate.	Decrease

Increase Decrease No change

Principal Risks and Uncertainties continued

Risk	Risk impact and description	Mitigation	Change to risk
4 **IP protection**	Failure to protect our IP could reduce our ability to prevent others from using our technology. PEM electrolysis systems as a whole cannot be patented or otherwise legally protected because some of the technologies underpinning their operation are based on other proven and mature technologies and are generally know-how based. Also, while it is the case that various components and processes developed have been or are assessed to have the potential to be patented, we only pursue patents when they are expected to be of high value, because patent applications include risks stemming from publication of detailed component and process descriptions. As we operate in an emerging technology sector, it is possible that a third party develops similar technology and/or product design, which has the potential risk of leading to claims for IP infringement.	› We rely on a combination of patent, trade secret, trademark and copyright laws to protect our IP and seek legal and other third-party specialist advice where appropriate. › The choice of territories and jurisdictions we serve includes an evaluation of inherent IP risk. Freedom-to-operate (FTO) searches are also undertaken where it is deemed appropriate. › We have an agreed IP management policy and seek to protect our proprietary IP through contracts including, when possible, confidentiality agreements and inventors' rights agreements with our customers, partners, and employees. › Secure file sharing practices are also employed to provide technical mitigation and we have an ongoing training plan for staff to support this aim.	No change
5 **Financial risks**	In addition to the potential financial impact as detailed within the other principal risks and uncertainties, specific financial risks also exist. The length and variability of our customer projects and a dependency on third party site work make it difficult to accurately forecast the timing and amount of specific revenue and corresponding cash generation. Operationally, whilst processes are maturing, there is a risk of outflows from unforeseen manufacturing and project execution challenges. Especially for new or first of a kind technologies, we need to closely manage our warranty and liability risks for plant operating in the field. Our plans include investment in our product development as well as scaling up our manufacturing capabilities, leading to cash outflows. We have recognised a contingent liability in the year which could lead to a financial outflow.	› We continue to have a strong and healthy balance sheet. › A comprehensive monthly governance process is in place to monitor our financial and operational performance. › Standard cost models for our products have been further developed and are being fully embedded in our sales activity. › To support customer contracts, we are engaged with partners like UK Export Finance (UKEF) to leverage our balance sheet for sales contracts. › We continue to maintain a tight focus on costs.	Decrease

Increase Decrease No change

Going Concern

The Directors have prepared a cash flow forecast for the period from the balance sheet date until 30 September 2025. This forecast indicates that the Group would expect to remain cash positive without the requirement for further fundraising based on delivering the existing pipeline.

By the end of the period analysed, the Group is forecast to retain significant cash reserves. This should give the business sufficient funds to trade for the going concern period if the business continues according to its medium-term business plan.

The business continues in a cash outflow position, using funding generated from previous fundraises. As such, this cash flow forecast was stress-tested, both for a worst-case scenario of no receipts and inflationary pressures on utilities and purchases. In all the scenarios tested, the business would remain cash positive for the 12 months from the date of approval of these financial statements.

The accounts have therefore been prepared on a going concern basis.

The Strategic Report set on on pages 1 to 37 was approved by the Board on 14 August 2024 and signed on its behalf by:

Andy Allen
Chief Financial Officer

Introduction from the Chair of the Board

Sir Roger Bone
Chair of the Board

Dear shareholder

On behalf of the Board, I am pleased to present our Governance Report. Within it you will be updated on the work of the Board and its Committees, as well as on how we have discharged our duties and responsibilities throughout the financial year.

The Board is responsible for the long-term sustainable success of ITM Power, as we continue, with our strategic partners, to take a leading position in green hydrogen technology. The Board has supported Dennis Schulz and his executive management team through a year of change, with a focus on establishing policies and strong management disciplines within the business and successfully implementing the Group's 12-month priorities plan. Throughout this period, we have operated with continued high governance standards, with the Board providing appropriate challenge and scrutiny.

Governance framework

Upholding robust governance principles and standards are of paramount importance to the Board. We continue to adopt and adhere to the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code"), with the application of the principles of the QCA Code evidenced throughout this report.

In November 2023, the Quoted Companies Alliance published an updated QCA Code which becomes applicable to the Group from its 2025 report. We have conducted a review of our compliance with the revised code which has identified only limited changes to our existing governance and reporting. Where possible, we have chosen to adopt these changes early. This includes the requirement for each Board Director to be annually re-elected by shareholders at the Company's AGM.

Board composition

The Board comprises three Executive Directors and four Non-Executive Directors, including a nominated representative from our largest shareholder. The Board continually monitors its composition and balance of independence in light of what is appropriate for a company of our size.

Board effectiveness

The Board continually seeks to improve and strengthen its skills, knowledge and expertise. To support this, we once again undertook a review of Board effectiveness. This process led to several recommendations for additional development, which we will implement ahead of our next formal review.

Reflection

I would like to thank everyone involved with the business, past and present, for their significant contribution and commitment to ITM Power since I joined the Board in 2014. I accepted the Chairmanship of the Board in 2020 with a resolve to help ITM Power grow, not only inspired by my affection for a great company but also from a desire to give something back, after a long career.

I am proud of what we have achieved over the last 10 years. I am particularly proud of the restructuring and refocusing of the business since the appointment of our current CEO, Dennis Schulz, in 2022. We have reached many significant milestones and have continued to focus on developing and delivering the world's best electrolysers, making a significant contribution to the world's transition to net zero, with green hydrogen solutions having a critical role in achieving this outcome.

Sir Roger Bone
Chair of the Board
14 August 2024

Where to find additional disclosures

Disclosure	Location
How we seek to engage shareholders	Stakeholders and Section 172 Statement from page 17
Outcomes of votes at general meetings	Regulatory news announcements on our website: https://itm-power.com/investors/news
Response to significant proportion of votes against a resolution at any general meeting	Shareholder documents, under Notices and circulars, on our website: https://itm-power.com/investors/shareholder-documents
Historical annual reports	Financial and ESG reports on our website: https://itm-power.com/investors/financial-reports
Notices of general meetings	Shareholder documents, under Notices and circulars, on our website: https://itm-power.com/investors/shareholder-documents
Articles of Association	Shareholder documents, under Articles of Association, on our website: https://itm-power.com/investors/shareholder-documents
Admission documents	Shareholder documents, under Admission documents, on our website: https://itm-power.com/investors/shareholder-documents
Information required to comply with AIM Rule 26	AIM Rule 26 on our website: https://itm-power.com/investors/aim-rule-26
Terms of reference for each Committee	https://itm-power.com/investors/corporate-governance

Governance at a Glance

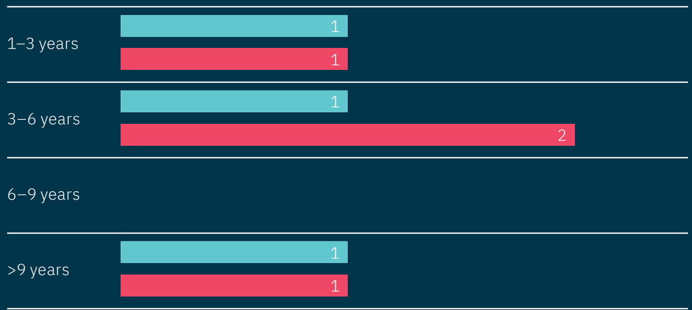
Balance on the Board

The Board is satisfied that its members possess an appropriate balance of skills, experience, personal qualities, and capabilities. It has identified the skills and experience below as being of key importance to support our future plans. It has also identified supporting skills and experience where it feels it is appropriate to rely on the support of specialists within senior management and external advisors, including technology/IT, marketing/PR, lobbying/political/regulatory and legal.

Directors' skills and experience

Category	Core capability	Supplemental capability
Our market/industry	●●●●●●	●
Manufacturing/industrial	●●●●	●●●
Business-to-business customers	●●●●●●	●
Supplier management	●●●●●	●●
Strategy	●●●●●●●	–
Financial markets	●●●●●●	●
Audit/finance	●●●●●●	●
Risk	●●●●●●	●
Leadership	●●●●●●●	–
People	●●●●●●	●
Succession planning	●●●●●●●	–
Remuneration	●●●●	●●●
ESG	●●●●●	●●

Tenure profile of the Board[1]



● Executive

● Non-Executive[2]

1. As at 14 August 2024.
2. Including the Chair of the Board.

Women on the Board

● Women[3] **1**
● Men **6**

3. 14% of board excluding Jürgen Nowicki as a shareholder appointed nominee.

Independent Directors on the Board

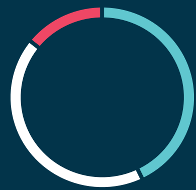
(including the Chair of the Board)

● Independent[4] **4**
● Non-independent **3**

4. 57% of Board excluding Jürgen Nowicki as a shareholder appointed nominee.

Age profile of the Board

● 41–50 **3**
● 51–65 **3**
● Over 65 **1**



Executive/Non-Executive Directors on the Board

● Executive **3**
● Non-Executive[5] **3**
● Non-Executive (shareholder nominee) **1**

5. Including the Chair of the Board.

A summary of each current Director's attendance at meetings in which they were eligible to attend during the year is shown below.

	Board[(2)]	Audit Committee	ESG Committee	Nomination Committee	Remuneration Committee	Technology Management Committee[(3)]
Chair of the Board						
Sir Roger Bone	6(6)	4(4)	n/a	1(1)	n/a	n/a
Executive Directors						
Dennis Schulz	6(6)	n/a	n/a	1(1)	n/a	n/a
Andy Allen	6(6)	n/a	1(1)	n/a	n/a	n/a
Simon Bourne	5(6)	n/a	n/a	n/a	n/a	0(0)
Non-Executive Directors						
Martin Green	6(6)	4(4)	n/a	n/a	2(2)	n/a
Jürgen Nowicki	4(6)	n/a	n/a	n/a	n/a	0(0)
Denise Cockrem	6(6)	4(4)	n/a	n/a	n/a	n/a
Katherine Roe[(4)]	2(2)	n/a	1(1)	1(1)	2(2)	n/a

1. The maximum number of scheduled meetings in the period during which the individual was a Board or Committee member is shown in brackets.
2. A number of additional ad hoc meetings were held during the year to consider specific matters as they arose.
3. The Technology Management Committee did not meet during the year as the Board covered its duties.
4. Katherine Roe resigned from the Board on 29 September 2023.

Our Compliance with and Application of the QCA Code

Principle	Application and key actions during the year
1 Establish a strategy and business model which promote long-term value for shareholders	Our revised strategy and business model are focused on helping the world achieve net zero, through our best-in-class PEM electrolysers. We aim to add long-term value for our shareholders through our elite product range and market penetration. As we scale up the manufacturing side of the business, we deepen and form new collaborative relationships with our business partners, increase our brand and influence industrial reach. We are committed to continuing to invest in research and development concerning our products, which will enhance the long-term sustainability of our business and value creation for our investors. We structure our remuneration policy to align Director interests with our shareholder interests.
2 Seek to understand and meet shareholder needs and expectations	The Company reports formerly to its shareholders at the half year and year end. At the AGM, all Directors are available to take questions both formally during the meeting and informally after the meeting. The Chair of the Board, the Senior Independent Director and the Executive Directors are available for dialogue with major shareholders to answer any questions on the Company's plans and objectives and meet with them as appropriate. These meetings are arranged through our investor relations team. Our CEO and CFO meet formally with institutional shareholders, usually after the interim and final results announcements. By engaging with our shareholders we aim to understand their longer-term needs and to align these with our business strategy.
3 Take into account wider stakeholder and social responsibilities and their implications for long-term success	As a company engaged in the sustainability space, we work collaboratively with all our stakeholders for the social good. Our ESG strategy supports our responsibility to be a sustainable business and we have identified our key stakeholders and ensure that we continue to have meaningful dialogue with them. These include: › our people and the ITM Voices Forum; › STEM access with local schools; › pioneering projects with universities; › strategic business partners; › customers and potential customers; › local communities; and › regulators.
4 Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board has overall responsibility for risk management. Ongoing risk assessment is delegated to the Audit Committee which seeks to ensure that ITM's risk governance framework and systems remain focused and robust. Our risk management approach incorporates a top-down approach, setting the risk appetite and identifying our principal and strategic risks, together with a bottom-up approach to identify our key operational and project execution risks. The Audit Committee's terms of reference ensure that it has the capability and structure to operate independently of the executive management. We are focused on developing cultural awareness around good risk management practices across the business, such as: › health and safety behavioural training provided in-person on site; › compulsory online training modules related to anti-bribery and corruption, MAR and data security; › framework for financial internal controls; and › framework for non-financial controls.
5 Maintain the Board as a well-functioning, balanced team led by the Chair	The Chair has overall responsibility to ensure that the Board is run effectively. Each of the Directors has the same duties but plays a different role in order to properly support the effective operation of the Board. The Board comprises three Executive Directors and four Non-Executive Directors. The Non-Executive Directors bring valuable knowledge and experience to support the Company in its aims. The Board has constituted five standing Committees: Audit, Remuneration, Nomination, ESG and Technology Management. Meetings are scheduled at least twice a year. In addition to regularly scheduled Board meetings, there is frequent contact between all the Directors in connection with the Company's business and ad hoc meetings may be scheduled as required. Meetings are scheduled in advance and have a set agenda of matters. The Board is supported by a Company Secretary who is also a corporate governance specialist and qualified solicitor.
6 Ensure that between them the directors have the necessary up-to-date experience, skills, and capabilities	The Board is satisfied that it has the appropriate skills and balance of market, financial and manufacturing experience as well as an appropriate balance of personal qualities and capabilities to support our strategy and business model. Each member of the Board is conversant with their statutory duties as a Director and with the need to act in good faith and promote the long-term success of the Company. Each Director keeps their skills up to date through training arranged by the Company Secretary. This may include: › new Board director induction training; › attendance at seminars; › briefing notes through professional advisor literature; › Board evaluation questionnaire; and › NOMAD AIM Rules updates.

Our Compliance with and Application of the QCA Code continued

Principle	Application and key actions during the year
7 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	An effective Board leads to good decision making. All Board members have the same duties, including to act in the best interests of the Company as whole, but they have different roles which contribute to the effective operation of the Board. During the year, the Board undertook a formal internal review of the Board's performance, its Board Committees and the individual Directors, whereby each Director completed an ITM Power PLC Annual Director questionnaire. This ensures a formal and rigorous evaluation of its own performance and that of each of the Board Committees and individual Directors. The process was led by the Chair of the Board and supported by the Company Secretary. The results of a Board evaluation are shared with the Board as a whole, while the results of any individual assessments remain confidential between the Chair of the Board and the Director concerned. The Board operates as a unit and at appropriate times it considers the balance of skills, experience, independence, knowledge and diversity of the Group and the results are published in the Annual Report.
8 Promote a corporate culture that is based on ethical values and behaviours	The Board seeks to lead by example and our strategy and business model on ethical values is regularly promoted throughout the business. We maintain a strong Code of Ethics both internally and with our external stakeholders. Our core focus and vision is of offering solutions to help the world reach net zero; we are passionate about our mission and our work and strive for excellence in everything we do. We have the best-in-class PEM technology and are a world leader in our field, and our culture is upheld through: › strong visible leadership; › strong embedding of corporate culture led by the People Director; › Code of Ethics; › ITM Voices Forum for collaborative and inclusive culture: we believe that we can achieve far more as a team; › regular review of corporate policies; › ISO certifications; and › industry accreditations.

Principle	Application and key actions during the year
9 Maintain governance structures and processes that are fit for purpose and support good decision making	The Directors recognise the importance of strong corporate governance and the Company was an earlier adopter of the QCA Code, often seeking to adhere to a higher standard by making relevant disclosures as appropriate similar to companies in the main market or Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). We note the revised 2023 QCA Code and will seek to make any disclosures where relevant. Day-to-day operating decisions are made by the Executive Directors with support from the leadership team. The Board meets regularly during the year at scheduled meetings to discuss strategy, performance and approval for major capital projects and the framework of timely controls. In order to discharge their duties and make informed decisions, all Directors receive appropriate and timely information. Briefing papers are circulated to all Directors ahead of the meetings. In addition, the Board is supported by its committees with delegated authorities which enables: › the Board to retain overall control of key decisions; › a schedule of matters reserved for the Board to be maintained; › the delegation of certain matters to the Board Committees; › annual review of terms of reference for each of the Board Committees; and › adherence to best practice and governance codes.
10 Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Company regularly communicates with its shareholders including presentations after the Company's preliminary announcement of the half year and year end results. We continue to retain Investec as our NOMAD and broker in order to maintain contact with our institutional shareholders. The Board welcomes and encourages input from our shareholders and we value their feedback. Our investor relations team also seeks to engage with our investors with relevant input from our Chair of the Board and Senior Independent Director. Shareholder communication is coordinated by the investor relations team, Company Secretary and NOMAD and we do this through a number of different communication channels during the year. It is also of importance that we communicate with our people and wider key stakeholders within our business sector through: › RNS regulatory announcements; › Annual Report and Accounts; › trading updates; › webcast meetings, one-to-one meetings; › intranet and internal communications; › AGM; and › annual employee engagement surveys.

Board of Directors

I A N E

Sir Roger Bone

Chair of the Board
Appointed to the Board: June 2014

Key skills/experience:
- Senior leadership of international and manufacturing/industrial organisations
- Broad range of financial experience
- Risk management
- Significant service within UK Government
- Honorary Fellow of the Institution of Engineering Designers

Previous appointments include:
- Boeing UK – President
- Senior Independent Director, F&C Investment Trust PLC
- Honorary Ambassador for British business
- British Ambassador to Brazil and Sweden
- Joint Chairman of Motive (nominated by ITM Power)

Key external commitments:
- None

N

Dennis Schulz

CEO
Appointed to the Board: December 2022

Key skills/experience:
- Strategy development
- Project execution
- Broad experience and deep understanding of the electrolyser markets
- Strong financial acumen and CFO experience

Previous appointments include:
- Linde Engineering – MD
- Linde Engineering – CFO

Key external commitments:
- UK Hydrogen Delivery Council – Council Member

E

Andy Allen

CFO
Appointed to the Board: May 2018

Key skills/experience:
- Chartered accountant
- Financial planning and analysis
- Extensive experience auditing manufacturing companies
- Understanding of financial markets

Previous appointments include:
- None

Key external commitments:
- None

T

Dr Simon Bourne

Chief Technology Officer
Appointed to the Board: November 2009

Key skills/experience:
- Proton Exchange Membrane (PEM) technology
- Design and development of electrolysers
- PhD regarding hydrophilic polymers

Previous appointments include:
- Sonatest Ltd – Project Engineer
- Ministry of Defence – Researcher

Key external commitments:
- None

Board of Directors continued

I A R

Denise Cockrem

Non-Executive Director
Appointed to the Board: July 2022

Key skills/experience:
- Chartered accountant
- Financial planning and analysis
- Performance reporting and forecasting
- Financial controls
- Internal audit and risk management
- Strategic planning
- Regulatory compliance

Previous appointments include:
- Benefact Group and Ecclesiastical Insurance Office plc – Group Chief Financial Officer
- Good Energy Group PLC – Chief Financial Officer
- RSA Insurance Group – UK and Western Europe Finance Director
- Direct Line – Finance Director of Direct Line Retail Division
- Royal Bank of Scotland – Head of Finance, Corporate Banking and Financial Markets

Key external commitments:
- Non Executive Director and Chair of Audit Risk & Compliance Committee for Benefact Broking & Advisory Holdings Ltd and Eden Tree Asset Management (part of Benefact Group plc)

I A R T

Martin Green

Non-Executive Director
Appointed to the Board: September 2019

Key skills/experience:
- Battery, fuel cell and hydrogen technologies
- Senior leadership of international and manufacturing/industrial organisations
- Broad range of financial experience
- Risk management
- Business-to-business customer and supply chain management
- Strategy development and implementation
- Scaling growth businesses
- Mergers and acquisitions experience

Previous appointments include:
- Johnson Matthey Plc – various positions over 30 years, latterly as Group Strategy Director

Key external commitments:
- LeydenJar Technologies BV – Non-Executive Director
- Anaphite Limited – Non-Executive Director

S T

Jürgen Nowicki

Non-Executive Director
Appointed to the Board: November 2019

Key skills/experience:
- Engineering sector
- Accountant
- Internal audit
- Understanding of financial markets
- Risk management
- Business-to-business customer and supply chain management
- Senior leadership of international organisations
- Strategic planning

Previous appointments include:
- Linde Gas North America – CFO
- Linde Group – Head of Finance and Control
- Linde Engineering – Senior Vice President, Commercial

Key external commitments:
- Linde PLC – Executive Vice President, Managing Director of Linde Engineering

Key:
- ● Committee member
- ● Committee Chair
- **I** Independent Director
- **S** Shareholder nominated
- **A** Audit Committee
- **E** ESG Committee
- **N** Nomination Committee
- **R** Remuneration Committee
- **T** Technology Management Committee

Board members who stepped down during the year:
Katherine Roe resigned effective 29 September 2023

Corporate Governance Report

Governance framework

Our governance framework is summarised here:

Stakeholders

- Workforce
- Strategic partners
- Customers
- Potential customers
- Suppliers
- Regulators
- Industry bodies
- Local communities

Further reading:

- Board activities during the year on page 46
- Audit Committee Report from page 48
- Sustainability report from page 22
- Remuneration Report from page 52

Licence to operate → Delegation → Accountability and reporting

Board

- Provides overall leadership and independent oversight of performance and works to ensure that ITM Power PLC and its wider business group (the "Group") is managed for the long-term benefit of all shareholders.
- Primarily responsible for oversight of our strategic plan, risk management, systems of internal control and corporate governance to ensure the long-term success of the Group.
- Retains control of key decisions, including: strategically significant decisions, annual and long-term business plans, changes to our principal activities, material contracts, mergers, acquisitions and disposals.

Delegation → Reporting and recommendations

Advice

Audit Committee

Monitors the integrity of the Group's financial statements and financial announcements. Monitors the quality and effectiveness of internal controls and risk management systems. Reviews arrangements for speaking up, detecting fraud and managing bribery risks. Monitors internal audit or alternative arrangements. Manages the external auditor relationship.

ESG Committee

Leads the development of the Group's ESG strategy, policies and programmes. Responsible for the Group's short- and long-term ESG objectives and reporting of key metrics. Oversees compliance with relevant laws and regulations, including principles of good corporate governance and ethical behaviour.

Nomination Committee

Leads the process for Board appointments and succession planning, including considering the composition of the Board and its future requirements.

Remuneration Committee

Determines the remuneration policy for the Chair of the Board and Executive Directors, aiming to support the strategy and long-term success of the Company. Sets the performance conditions for awards granted under the terms of the ITM Power PLC Long Term Incentive Plan (LTIP). Approves the remuneration packages of the Executive Directors, including grants of LTIP awards.

Technology Management Committee

Reviews the Group's product portfolio and development plans. Reviews the suitability of the portfolio, manufacturing capacity and planned developments to satisfy anticipated market developments. Reviews requirements to meet the Group's technology goal to be best-in-class.

Values → Strategy → Delegation → Accountability and reporting

Executive Committee

The CEO manages the day-to-day business with the Executive Committee. The Executive Directors together with other senior management meet regularly to consider business development, technology development, project performance, the financial performance of the Group and other management issues.

↓ Values ↓ Strategy ↓ Delegation
↑ Accountability and reporting

Our people

A diverse, dynamic team that is proud to be a part of ITM's mission.

Corporate Governance Report continued

Roles and responsibilities on the Board

All the Board members have the same duties, including to act in the best interests of the Company as a whole, but they have distinct roles:

Role	Held by	Responsibilities
Chair of the Board	Sir Roger Bone	In addition to all other responsibilities of Non-Executive Directors: › Ensures effective working of the Board › Shapes boardroom cultures and encourages individual Director engagement › Leads and manages the business of the Board › Sets the agenda for Board discussions › Promotes effective and constructive debate › Supports a sound decision-making process › Available to shareholders
CEO	Dennis Schulz	› Develops and proposes strategy to the Board › Sets and communicates the culture, values and behaviours for the Group › Executive management of the business day-to-day, including leading the Executive Committee › Leading operational matters › Performance (financial and non-financial) › Manages relationships with key stakeholders and is available to shareholders
Executive Directors	Andy Allen Simon Bourne	› Operational matters, within areas of specific responsibility › Performance, within areas of specific responsibility › Available to shareholders on request
Senior Independent Non-Executive Director	Martin Green	› Supports the Chair in the delivery of the Board's objectives and provides a "sounding board" for the Chair › Serves as an intermediary for the other Directors when necessary › Acts as an alternative point of contact for shareholders where contact through the normal channels of the Chair or other Executive Directors has failed to resolve any concerns, or for which such contact is inappropriate › Leads the annual assessment of the effectiveness of the Chair
Non-Executive Directors (NEDs)	Denise Cockrem (Independent) Jürgen Nowicki (Shareholder-nominated)	› Provide constructive challenge and strategic guidance to Board and Committee discussions › Oversee management and the business and offer specialist advice › Hold management to account › Available to shareholders on request
Company Secretary	Huan Quayle	› Supports the Chair in the efficient and effective functioning of the Board and its Committees › Assists the Chair and the wider Board to uphold governance standards › Responsible for ensuring good information flows to the Board and its Committees and between the Executive Directors and Non-Executive Directors › Advises the Board on all regulatory and corporate governance matters

Board operation

The management of the Group's business activities is delegated to the CEO, who is ultimately responsible for establishing objectives and monitoring executive actions and for the overall performance of the business. The day-to-day management of the business is delegated to the senior leadership team.

The Board meets regularly throughout the year for discussions on strategy, performance, the approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive comprehensive briefing papers, prepared and issued electronically in advance of each scheduled meeting to allow sufficient time for the consideration of the papers provided. All Directors and senior management can access the advice and services of the Company Secretary and Directors are able to take independent professional advice, if necessary, at the Company's expense.

All Board meetings are scheduled in advance, however additional ad hoc meetings are held as necessary. The Non-Executive Directors also hold meetings without the Executive Directors being present outside the standard meeting schedule.

Board Committees

There were five Committees of the Board during the period. The work and duties of the Technology Management Committee and ESG Committee were performed by the Board as a whole during the year. The work of the Audit and Remuneration Committees is discussed in their respective Committee reports on pages 48 to 63.

Corporate Governance Report continued

Board activities during the year to 30 April 2024

The key areas of focus for the Board's activities and topics discussed during the year were as follows:

Strategic/governance pillar	Discussion topics
Strategic: continual technology development	› 12-month priority review overseen to completion › Oversight of continued enhancements to the existing product portfolio
Strategic: strong partners and relationships	› Completion of the sale and disinvestment of joint venture Motive Fuels Limited in order to focus on core activities › Reviewing the work being undertaken to strengthen our key supply chain partnerships › Oversight of the execution progress of key projects and providing insight and advice on sales opportunities and strategic customer discussions
Governance: financial	› Approval of budget › Approval of full year results and Annual Report for FY24 › Approval of half year results for the six months ended 31 October 2023 › Gaining feedback and views from investors and analysts › Approval of the budget for Bessemer Park Units 2 and 3 expansion
Governance: operations	› Health and safety performance › Workforce performance indicators including senior management and wider recruitment, analysis of workforce composition › Reviewing the Group's key risks
Governance: compliance and ethics	› Approval of the Notice of AGM and Proxy Form › Approval of the Group's Modern Slavery Statement › Training on AIM and Market Abuse Regulation rules and obligations › QCA Code compliance › Board evaluation (an internal exercise with utilisation of a self-assessment questionnaire) › At each meeting the Board reviews the minutes from the previous meeting and the status of outstanding actions › Review of the terms of reference of the Board Committees

Balance and diversity

The Board recognises the need to ensure appropriate diversity of thought, which aids good decision making. The Board is satisfied that it is balanced, in terms of independence and experience. Nevertheless, it remains aware of the need to keep this under review. Details of individual Directors' skills and experience plus an overview of the skills and experience on the Board are provided on page 39.

The Board maintains an overarching ambition to achieve no less than 33 per cent female representation on the Board, and, in the longer-term at least one director being from a non-white ethnic minority background. We recognise that periods of change in Board composition and size may result in periods when the desired balance is not met. In FY24 this fell to 14 per cent (16 per cent if the shareholder nominated representative is excluded) following Katherine Roe stepping down from the Board as a Non-Executive Director. Gender and ethnic diversity objectives will be considered as part of any future Board recruitment processes in line with our director succession planning as and when a vacancy becomes available.

Induction and training

The Company Secretary works to ensure the Board and its Committees have full and timely access to relevant information. It is important to ensure all Board members are given the right access to information to enable them to discharge their duties. This includes provision of an induction programme to new Board members and circulation of papers in advance of meetings.

The Board induction programme includes a suite of induction materials explaining:

- background information about ITM Power and the Group;
- their legal duties and responsibilities, including in relation to section 172(1) of the Companies Act 2006;
- the calendar of Board and Committee meetings;
- constitutional and governance documents, policies, and procedures;
- Committee terms of reference;
- our Code of Ethics and share dealing code; and
- meetings arranged with members of the Board and the Executive Committee and a visit to our factory are also arranged.

The Company Secretary provides support to the Directors by keeping them abreast of changes to the regulatory landscape and best practice thinking on matters on corporate governance, through briefing papers and regular updates on these matters as appropriate. The Group's external auditor also provides regular updates and briefing notes on various accounting and regulatory matters. The Board meets with its NOMAD on a yearly basis to reconfirm its AIM duties.

Time commitment

The Board considers that each Director is able to allocate sufficient time to the Company in order to discharge their responsibilities effectively. During the year, the Committee Chairs, the Senior Independent Director and the Chair of the Board commit more time as required to prepare for and attend Board and Committee meetings, attend the AGM, engage with stakeholders and participate in the Board evaluation process.

The Chair of the Board commits around five to six days a month to his duties and is paid an annual fee. The other NEDs are expected to provide around three days a month of their time and, with the exception of Jürgen Nowicki, also receive an annual fee and an additional fee for chairing a Committee. Jürgen, being the shareholder nominee, receives no remuneration from ITM for his service – he is remunerated by Linde. The Board considers the other demands on the time of any proposed NED before their appointment and satisfies itself that their other commitments will not interfere with their ability to perform their duties effectively.

The Executive Directors are full-time employees and officers of the Company. They receive salaries, performance-related remuneration and benefits under their service contracts. More details can be found in the Remuneration Report.

Directors are subject to election at the first AGM of the Company following their appointment. Thereafter, under the current Articles of the Company, they are subject to re-election every three years or, if they have been in office for nine years or more, annually.

Corporate Governance Report continued

Board evaluation

The Board undertakes a periodic evaluation of its performance and that of its Committees, in order to ensure its continued effectiveness. It is committed to doing so every 18 to 24 months. A formal internal evaluation exercise was undertaken in late 2023.

The Chair of the Board led the process, with the support of the Company Secretary. A questionnaire was developed to evaluate the effectiveness and skill sets of the individual Directors, as well as the Board as a whole. A high-level overview of the operation of each of the Board Committees was also conducted. The Chair of the Board then conducted an interview with each Board member.

A qualitative assessment of key matters was performed, including composition, diversity and culture of the Board, performance monitoring, stakeholder understanding and engagement, and information flows and meeting administration. The Board considered the outcomes and developed actions to address any improvements identified, which are being implemented during 2024. Any relevant insight has also flowed through into any Board recruitment process.

Independence of the Non-Executive Directors

The composition of the Board is reviewed annually by the Committee to ensure that there is an effective balance of skills, experience and knowledge and that the Board comprises an appropriate proportion of Independent Directors. Jürgen Nowicki is not considered independent by the Board as a shareholder nominee and processes are in place to ensure any conflicts arising from Linde's material shareholding are actively managed. The Board currently has three Independent Directors, namely Sir Roger Bone, Denise Cockrem and Martin Green. The Board undergoes a rigorous assessment annually to affirm the independent status of its Non-Executive Directors. This assessment considers a number of areas including tenure, external appointments, conflicts of interests and related party transactions. The Board recognises Institutional Shareholder Services (ISS) voting guidance which provides guidance that a Chair with tenure exceeding nine years would need to have their independence critically challenged. As the Chair of the Board has met this tenure threshold during the year, the Board strenuously assessed if the independence of the Chair had become compromised. Consideration was given to Sir Roger's behaviour, conduct and level of independence of mind displayed, along with the fact that only four and a half of his nine years' service has been as Chair. Following this the Board strictly reaffirms its view that Sir Roger Bone remains independent and is committed to keep this under close review.

Review of existing succession plans

We believe maintaining a well-balanced Board with the right mix of skills and experience is important to ensure our future success. This needs regular review to ensure:

- The skills and experience on the Board are the right ones to oversee and guide the delivery of our current and future strategy
- There is a plan to respond to any vacancy that may arise – whether anticipated or unexpected

To support this, and as an action from the Board evaluation process, a matrix was developed to identify the skills and experience needed to support our future plans. The Nomination Committee reviewed the matrix considering the skills and experience on the Board, within the Group and available externally. It concluded that the Board was balanced with a good mix of skills and experience, with appropriate support from specialists within senior management and external advisors. It nevertheless identified some areas for consideration in any future recruitment activity. Feedback received as part of the Board evaluation process was also taken into consideration in developing the matrix and identifying future requirements. An overview of the skills and experience identified through this process is provided on page 39.

A review of the existing succession plans for the Board has been undertaken during the year, with some of the outcomes of the review being described above. The results of the appraisals undertaken by the Board, its Committees and in respect of the Chair (as detailed on this page) have informed the development of the existing succession plans. Sir Roger Bone has exceeded the threshold of nine years on the Board, including four and a half years as Chair of the Board. Due to this he now offers himself up for annual election to the AGM in line with our Articles of Association. All Board members have independently reviewed and supported Sir Roger's willingness to stand for election at the 2024 AGM and will discuss the longer-term succession plans for the role of Chair of the Board during FY24.

Audit Committee Report

Martin Green
Chair of the Audit Committee

The Audit Committee continues to fulfil an important oversight role, monitoring the integrity of the Group's financial reporting and the effectiveness of its system of internal control and risk management framework.

Introduction from the Chair of the Audit Committee

Dear shareholder

I am pleased to present the Committee Report, which provides a review of the work undertaken by the Committee during the year, together with insight into how the Committee addressed significant matters reported to the Board.

Composition and relevant experience

The Committee is made up of three independent Non-Executive Directors. The Board continues to be satisfied that I have current and appropriate financial experience to be chair of the Committee and that the Committee as a whole has the suitable skills, knowledge and experience to discharge its duties to the Board.

I have an extensive range of experience in financial roles, having been responsible for financial performance of a portfolio of companies within international organisation Johnson Matthey Plc. Denise Cockrem has a strong finance and accounting background and brings a wealth of relevant experience, having been CFO of Ecclesiastical Insurance Office plc and Good Energy Group plc, as well as holding a number of other senior finance roles within the financial services sector. Sir Roger Bone brings a wide-ranging set of financial skills and business experience, having negotiated extensive contracts while serving as President of the Board of Boeing UK and Ireland and in serving on the board of The F&C Investment Trust.

Areas of focus during the year

The diagram opposite highlights the areas of focus and matters considered by the Committee during the year.

One of our key drivers for the year has been the further strengthening our internal controls framework. To this end we commissioned an independent review of the Group's controls and processes, including those added by the implementation of our new ERP system. All recommendations from the review were considered and appropriate actions undertaken. The Committee has received regular updates and is confident the changes made, will add to the robustness of the existing controls framework.

The Committee also carried out reviews on key risk topics, including the Group's PGM strategy and inventory management systems and controls.

Availability to shareholders

I am available to shareholders to answer any questions on the work of the Audit Committee at any point during the year, including at our upcoming 2024 AGM.

Martin Green
Chair of the Audit Committee
14 August 2024

Roles and responsibilities of the Committee

- Monitoring the integrity of the financial statements of the Group including its annual and half-yearly reports, and any announcements relating to its financial performance; reviewing significant financial reporting issues and judgements which they contain and any significant financial returns to regulators
- Reviewing the effectiveness of the Group's internal financial controls, and operational and compliance matters
- Reviewing the arrangements for speaking up in confidence for employees and third parties regarding possible wrongdoing in financial reporting, procedures for detecting fraud and bribery and any actions to be taken on non-compliance
- Reviewing the overall effectiveness of the Group's risk management system
- Reviewing and monitoring the effectiveness of the external auditor; satisfying itself of the independence and objectiveness and approving the terms of engagement and remuneration
- Approving and monitoring the operation of the Group's non-audit policy

Attendance at meetings for the year ended 30 April 2024

The Board is satisfied that the members of the Committee are independent Non-Executive Directors.

Committee attendance

Name	Meetings attended
Martin Green (Chair)	●●●●
Denise Cockrem	●●●●
Sir Roger Bone	●●●●

By invitation the CEO and CFO, other finance team members and the external auditor attend Committee meetings as required.

Where to find additional disclosures

Disclosure	Location
External auditor's report	Independent Auditor's Report to the Members of ITM Power PLC on pages 67 to 73
Fees paid to the external auditor	Note 7 to the Consolidated Financial Statements

Key activities and focus to 30 April 2024

Recommended for approval final and interim financial results and related statements	Recommended for approval Annual Report	Reviewed Going Concern basis and various management judgements made
Reviewed risk register, principal risks & uncertainties & risk framework	Approved external auditor independence, objectivity and remuneration	Monitored the operation of the non-audit policy and associated fees
Regular monitoring and challenge in relation to internal control improvements	Commissioned independent review and advice on internal controls framework	Review of PGM strategy and inventory management

Reviewed the Committee Terms of Reference

Audit Committee Report continued

Significant accounting judgements and estimates

The Committee considered the significant accounting judgements and estimates ahead of each market announcement regarding ITM Power's results. The areas in which the Committee was required to exercise significant judgement during the year were:

Accounting area	Key financial impact(s)	Audit Committee considerations
Inventory provisions	The year-end provision for inventory obsolescence stands at £18.8m	The Audit Committee, on recommendation of management, is comfortable that the judgement being made is a prudent approach to providing for obsolete stock, with 100% of the value of obsolete stock provided for. All other stock holdings the business is forecasting to remain of use and therefore are reflected at the lower of cost of net recoverable value.
Project loss provisions	Project loss provisions decreased to £19.7m during the year	The Audit Committee considered management's forecasting of costs to complete projects. It agreed with management's approach of basing provisions on the best estimates of management aligned with information known at the time to ensure the forecast cost to completion is appropriate. It reviewed and challenged management's estimates during the year. Any expected losses are recognised immediately through profit and loss.
Warranty provisions	Provisions for warranty losses increased in year to £9.4m for projects not yet complete and £3.9m for projects in warranty	When ITM Power sells products it provides a warranty on those products as part of either its legal obligations in line with relevant local consumer legislation or as part of extended warranty agreements signed between ITM Power and its customers. The Audit Committee considered management's analysis under which the Company has used its best estimate to make an assessment of the provisions value for warranties at the year end and approved the methodology proposed on how to calculate this liability.
Separability of performance obligations	Separability has also been considered in order to recognise £1.3m of other contractual revenue.	Each contract is assessed to identify its distinct performance obligations to determine whether goods and the services related to their commissioning are distinct. Inter-related goods or services will be bundled to create a single performance obligation.
Capitalisation and impairment of development costs	£1.1m was impaired based on future cash flows	Management must decide at what point efforts become development work that will result in future economic benefits to the Group and thus meet the criteria for capitalisation. During the year, Management reconsidered the focus of our development work and the recoverability of our internally generated intangible assets. Assets were identified where the carrying amount would no longer be supported by a recoverable amount based on related future cash flows. For the remaining assets, no further impairment was deemed necessary.
Non-recognition of deferred tax asset	£58.2m, being 25% of tax losses carried forward	The Group has accumulated tax losses, for which we could have recognised a deferred tax asset. Instead, Management continues to believe that there is insufficient evidence of probable future taxable profits against which to offset such losses and therefore has decided not to recognise the asset in these financial statements.
Contingent liability	N/A	Directors have made a judgement that an obligation was possible rather than probable at the year end. Accordingly, this matter is considered to represent a contingent liability.

Annual Report for FY24

The Committee considered whether the Annual Report was fair, balanced and understandable, and if the information provided was sufficient for a reader of the statements to understand the Group's position and performance, business model and strategy. The Committee also had regard to the findings and judgements of the external auditors.

External audit

Grant Thornton UK LLP has been the Group's external auditor since 2017 and David White continues to be the lead audit partner. The Committee has responsibility and oversight of the Group's relationship with its external auditor and for assessing the effectiveness of the external audit process.

At the start of each financial year, the Committee agrees the approach and scope of the audit work to be undertaken by the external auditor. It also reviews the external auditor's terms of engagement and the fees payable in respect of audit and non-audit services to ensure they are appropriate and reflect performance. Details of the amounts paid to the external auditor are provided in Note 7 to the Consolidated Financial Statements.

Grant Thornton UK LLP provided the Audit Committee with regular reports on the status of the audit, its assessment of the agreed areas of audit focus and findings, and conclusions to date.

The Committee reviewed the experience and expertise of the external auditor team, the fulfilment of the agreed audit plan and any variations to it, as well as feedback from ITM Power's management and the contents of the external audit report. The Committee also agreed and confirmed its satisfaction with the effectiveness of the external auditor.

Audit Committee Report continued

External auditor independence

An effective audit is driven by the independence of the external auditor, and as part of its annual review, the Committee has had regard to the independence and objectivity of the external auditor. The Committee also maintains a policy in connection with the provision of non-audit services by the external auditor. If any such work is undertaken, it must not compromise any law or regulation or the firm's independence. This work may only be performed in exceptional circumstances and only on the approval of the Committee.

Grant Thornton UK LLP provided a statement of independence in April 2024, stating that in its professional judgement it had complied with the relevant ethical requirements and that it was independent in the delivery of its services to the Group. The Committee determined, based on its evaluation of the statement and the work performed, that the external auditor was independent.

The Committee limits the scope of any non-audit services performed by the external auditor during the year and monitors that there is no diminution of independence or objectivity, and that if any such work is undertaken, it remains within the agreed policy guidelines. In addition, the fees for the non-audit work are carefully scrutinised. Non-audit fees paid to Grant Thornton UK LLP were for interim agreed upon procedures/review work which it was determined appropriate for the external auditor to undertake given its knowledge of the Group and the need for independent assurance. They represented 11% (£37k) of the total audit and non-audit fees paid (£326k). It also considered the extent of non-audit services provided to ITM Power.

Reappointment of the external auditor

As part of its annual review process, the Committee has responsibility for making a recommendation to the Board regarding the reappointment of the external auditor. Consideration is given for the rotation of both the external auditor and the external audit lead partner, typically on a five year cycle, unless the annual performance review identifies a reason to rotate earlier.

Based on its continued satisfaction with the audit work performed to date and Grant Thornton UK LLP's continued independence, the Committee has recommended to the Board, and the Board has approved, that Grant Thornton UK LLP be proposed for reappointment by shareholders as ITM Power's external auditor at the 2024 AGM.

Internal audit

During the year the duties of an internal audit function were managed by the Committee, supported by the QHSE, legal and finance teams, with external resources where appropriate. The Committee acknowledges the importance of a robust internal audit function and continues to monitor and review the appropriate time for its reintroduction.

Internal controls and risk management

The Committee continues to review the effectiveness of the internal financial controls and the internal controls and risk management systems. The Board, on the recommendation of the Committee, considers that the current internal controls are appropriate for the Group's size, complexity and risk profile.

We continuously seek opportunities to enhance our risk management and internal control environment and introduce greater rigour and harmonisation in our processes and controls.

Internal financial controls

The Committee is responsible for monitoring the Group's internal control environment and assessing its effectiveness. To facilitate this assessment, the Committee receives regular updates on internal controls and in forming an opinion on effectiveness it also considers the requirement to make relevant recommendations to the Board.

Responsibilities are separate and defined:

- The Board is responsible for reviewing and approving our overall strategy, corporate objectives, financial strategy, the annual budget, and capital fundraising. It receives periodic financial reports, tracking budget and forecasts.
- The Committee reviews key financial controls throughout the year. It has responsibility for monitoring the integrity of the financial reporting of the Company and for ensuring internal financial controls are sufficiently robust and appropriate.
- The Executive Committee retains day-to-day responsibility for financial performance and has internal financial reporting processes in place.
- The Finance Director oversees budgeting, cash flow forecasts and financial statements and the operation of the Group's financial systems, working with our auditors. Internal controls and financial systems transformation are the responsibility of other members of the Finance team.

Non-financial controls

We recognise that maintaining sound controls and discipline are critical to managing the risks to our strategy. The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness.

The CFO has day-to-day responsibility for ensuring internal controls remain appropriate. He reports to the Executive Committee on operational changes required.

Day-to-day activities are closely managed by the Executive Directors. There is detailed monthly reporting of performance against our corporate objectives, project schedules, budget, risks and expected performance, and operational needs. These are key to the success of the internal management and control system.

We continue to increase our commercial operations, including investing in new manufacturing facilities, and we also continue to make appropriate senior appointments to support our business plan and address the resulting operational needs and risks.

Risk management

The Committee is also required under its terms of reference to conduct an annual formal review into risk management and review the effectiveness of risk management systems. This was undertaken as part of the review of the Principal Risks and Uncertainties. The Committee remains confident that an effective and robust risk management system is in place with the Committee performing regular deep dive reviews on identified key risks.

Speaking up

The Committee is responsible for reviewing arrangements for employees and third parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

There are established ways to raise concerns. These include options to contact a line manager, the General Counsel and Company Secretary, or HR Director. We also offer a service via a third party reporting agent, Safecall, through which confidential, anonymous reporting is available.

An initial assessment is carried out to determine the scope of any investigation. when someone speaks up, and where appropriate, a full investigation is instigated. If appropriate, subject matter experts are used to support the investigation. In particularly serious cases, the matter may be escalated to the Chair of the Audit Committee, the Chair of the Board, or our external auditor.

Anyone who raises an honest concern, even if they turn out to be mistaken, is protected from retaliation and detrimental treatment.

The Committee receives and considers reports from management and Safecall regarding concerns raised and provides the Board with key information for its consideration as appropriate. There were no whistleblowing matters raised during the year.

Remuneration Report

Denise Cockrem
Chair of the Remuneration Committee

FAIR REMUNERATION ALIGNED WITH AND DRIVING BUSINESS PERFORMANCE

Introduction from the Chair of the Remuneration Committee

Dear shareholder

As Chair of the Remuneration Committee, I am pleased to present the Remuneration Report for FY24. This report is intended to explain how the Remuneration Committee has met its responsibilities throughout the year and to provide information about the remuneration received by Directors.

As a company admitted to trading on AIM, our directors' remuneration report does not have to comply with the requirements of Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). Nevertheless, we have aligned our remuneration reporting with these requirements as far as possible, but we may not provide all the information required under the regulations.

Remuneration principles

The overarching principles we apply in our approach to remuneration are:

- To ensure overall remuneration is set at a competitive level against our peer group enabling us to attract and retain high-calibre employees with the required skills to execute our strategy.
- Take into account all factors to:
  - Ensure executive remuneration is aligned to the Group's purpose and values, clearly linked to the successful delivery of the Group's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to adjust sums or awards under appropriate specified circumstances.
  - Attract, retain and motivate the executive management of the Group without inappropriate financial burden on the Group.
  - Consider the requirements for clarity, transparency, risk mitigation, predictability, proportionality and alignment to culture.

Performance during the year

The Remuneration Committee's decisions for the year were made against the following backdrop:

- Unacceptable financial performance to budget
- Manufacturing and engineering delays and issues, including increased warranty provisions
- Commencement, and positive initial results from the delivery, of a new strategic priority plan from January 2023

Full details are provided in the CFO's Review on page 12.

Roles and responsibilities of the Committee

- Approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes
- Review the design of all share incentive plans for approval by the Board and, where required, shareholders. For any such plans determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive directors and, as appropriate, such other members of the senior management team as it is designated to consider, and the performance targets to be used
- Determine the policy for, and scope of, pension arrangements for each executive director and, as appropriate, such other members of the senior management team as it is designated to consider
- Within the terms of the agreed policy, and in consultation with the Chair of the Board and/or CEO as appropriate, determine the total individual remuneration package of the Chair of the Board, and each executive director, including bonuses, incentive payments and share options or other share awards
- Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded, and that the duty to mitigate loss is fully recognised

Committee attendance

Name	Meetings attended
Denise Cockrem[1]	●
Martin Green	●●●
Katherine Roe[1]	●●

(1) Katherine Roe stepped down from the Board on 29 September 2023, and Denise Cockrem became Chair of the Committee on that date.

Where to find additional disclosures

Disclosure	Location
Detailed assumptions used in calculating the fair value of options	Note 25 to the Consolidated Financial Statements

Remuneration Report continued

FY24 remuneration outcomes

All awards in relation to FY24 were made in accordance with our current remuneration policy. The key decisions made by the Remuneration Committee in respect of the Executive Directors' remuneration were as follows:

- Having considered current market salary information in assessing base salaries, it was determined that base salaries for Andy Allen, CFO and Simon Bourne. CTO would remain unchanged. For Dennis Schulz, CEO, to recognise his exceptional efforts driving transformational change, it was agreed to increase his base salary to £500,000 effective from 1 June 2024. It was also agreed that this base salary would not be subject to a review again until 2026 at the earliest.
- For the annual bonus, in the year under review, business results improved markedly across a range of metrics. On revenue, events outside of the control of the business occurred that resulted in some sales revenue originally planned for this financial year being recognised in the following financial year. To reflect these events, the Remuneration Committee applied discretion in respect of certain of these delays to adjust the outcome for revenue, and by extension, EBITDA. These items will be adjusted out of the FY25 bonus calculation to avoid any risk of double counting them. The Remuneration Committee is satisfied that the FY24 bonus outcomes are appropriate.
- As part of the Remuneration Committee's FY23 review of the Company's remuneration policy, the annual bonus in FY24 includes a deferred share element, to support mid-term Executive Director incentivisation and provide a further mechanism for Executive Directors to increase their shareholding in the Company and further align their interests with shareholders. All shares granted under the deferred bonus plan are subject to a two-year vesting period. There are no performance conditions attached to the vesting of the shares (given the original annual bonus to which they apply was subject to appropriate performance conditions), with vesting of the awards subject to continued employment at the date of vesting.
- Executive Directors were granted an LTIP award during the year, structured as nominal cost options meaning the exercise price is £0.05 per share. The number of shares awarded was calculated using a share price of £0.6871, being the volume weighted average price for the last five days of trading prior to the date of grant.
- Awards granted during the year are subject to stretching performance conditions over a performance period from 1 May 2023 to 30 April 2026. 60% of the award is subject to a performance condition relating to the relative growth in the Company's total shareholder return (TSR), 30% of the award is subject to a performance condition relating to the Company's EBITDA performance and 10% of the award is subject to a performance condition relating to ESG targets.
- The performance periods of both the LTIP awards granted in 2021 and the discretionary LTIP award granted to Dennis Schulz in 2022 ended on 30 April 2024. Following this the Remuneration Committee met to review if the performance condition (which related to total shareholder return when compared to the AIM 50 index). From this assessment, it was determined that the conditions had not been met. All awards made under both grants therefore lapsed without value to participants.

Remuneration policy review

Whilst the Remuneration Committee expects the various remuneration elements to operate on similar terms in the short term, it is mindful of ensuring that it attracts and retains high calibre and motivated Executive Directors.

To that end a review of the remuneration policy and total remuneration package for Executive Directors will take place during FY25. This will ensure that remuneration for Executive Directors is fair and aligns to shareholder interest through the delivery of the Company's strategic goals over the short, mid and long-term horizons.

The views of our shareholders will continue to be an important factor in informing the decisions of the Remuneration Committee and the Remuneration Committee will take views into account during this process.

Any updates to the Company's remuneration policy will be set out in next year's report.

Availability to shareholders

I am available to shareholders to answer any questions on the work of the Remuneration Committee. On behalf of the Remuneration Committee, I would like to place on record our appreciation to our shareholders for their constructive input throughout the year.

Denise Cockrem
Chair of the Remuneration Committee
14 August 2024

Remuneration Report continued

Overview of the Executive Director remuneration policy

Remuneration element	Purpose and link to our strategy	Operation	Maximum opportunity	Performance framework	Implementation FY24	Implementation FY25
Fixed pay						
Base salary	To ensure we can recruit and retain high-calibre executives.	Paid monthly in arrears by bank transfer. No recovery provisions apply to base salary.	No maximum.	Several factors are considered when setting base salary levels, including market rates, benchmarking to peers, individual Director's experience, responsibilities and performance.	Executive Directors salaries in year were: Dennis Schulz – £450,000 Andy Allen – £300,000 Simon Bourne – £300,000	There are no proposed changes to the base salaries of Andy Allen and Simon Bourne. The salary of Dennis Schulz increased to £500,000 p.a. with effect from 1 June 2024. This base salary will not be reviewed again until 2026.
Pension provisions	To attract and retain talent through the provision of attractive retirement benefits.	Monthly payments into a defined contribution or similar pension scheme or, in agreed circumstances, a cash allowance in lieu of pension contributions. No recovery provisions apply to pensions.	A contribution into the Group's defined contribution pension arrangement no higher than that offered to the wider workforce. No maximum for any cash allowance.	Not applicable.	Executive Directors contributions to their pensions equivalent to 7% of base salary (before any salary exchange).	No change.
Benefits	To assist in attracting and retaining employees in a cost-effective way.	May include private medical insurance, sick pay, a fully expensed car (or equivalent cash allowance), disability and life assurance cover. Some benefits may be provided in the case of relocation, such as removal expenses and, in the case of international relocation, might also include items such as cost of accommodation, children's schooling, home leave, tax equalisation and professional advice. The tax payable (grossed up) on any business expenses captured as taxable benefits may also be reimbursed. No recovery provisions apply to benefits.	Not applicable.	Not applicable.	Executive Directors receive have access to private medical insurance. This is taxed as a benefit in kind.	No change.

Remuneration Report continued

Overview of the Executive Director remuneration policy continued

Remuneration element	Purpose and link to our strategy	Operation	Maximum opportunity	Performance framework	Implementation FY24	Implementation FY25
Variable pay						
Annual bonus	To incentivise Executive Directors to deliver strategic and financial success.	An annual bonus scheme with measures and performance targets set by the Remuneration Committee. Paid in cash. Pay out determined after the end of the financial year following the Remuneration Committee's assessment of performance relative to targets and objectives. Annual bonus payments do not form part of pensionable earnings and are non-contractual. The Remuneration Committee retains discretion in exceptional circumstances to adjust the targets and/or set different measures and alter weightings if certain events occur that cause it to determine they are no longer appropriate. The Remuneration Committee will ensure any revisions to targets are not materially less difficult to satisfy. All payments are at the ultimate discretion of the Remuneration Committee and it retains an overriding ability to ensure that overall bonus payments are appropriate and reflect corporate performance.	Capped at 125% of base salary for the CEO and 85% of base salary for other Executive Directors.	Specific annual targets based on clear and measurable objectives that underpin, and are key to the achievement of, the Group's strategy.	Executive Directors received the following bonus payments: Dennis Schulz – £424,913 in cash and £106,228 in deferred shares Andy Allen – £106,965 in cash and £44,569 in deferred shares Simon Bourne – £160,965 in cash and £67,069 in deferred shares	Executive Directors have the following bonus opportunities, as a percentage of base salary: Dennis Schulz – 125% Andy Allen – 85% Simon Bourne – 85%
LTIP	To align the long-term interests of shareholders and management and reward achievement of stretching long-term targets.	Any awards granted are subject to a three-year vesting period and stretching performance targets. All vesting is at the ultimate discretion of the Remuneration Committee and the Remuneration Committee retains an overriding ability to ensure that vesting reflects its view of corporate performance over the set period. The Remuneration Committee retains discretion in exceptional circumstances to adjust the targets and/or set different measures and alter weightings if certain events occur that cause it to determine they are no longer appropriate. The Remuneration Committee will ensure any revisions to targets are not materially less difficult to satisfy. Malus and clawback provisions apply in cases of material financial misstatement, conduct that results (or is reasonably likely to result) in significant reputational damage to the Company, negligence or misconduct, or fraud.	Capped at 100% of base salary plus an uplift to cover Employer's National Insurance Contributions, which are passed on to the participant as permitted under UK legislation.	Specific targets based on clear, stretching and measurable objectives that underpin, and are key to the achievement of, the Group's long-term strategy.	All Executive Directors were granted an award equivalent to 100% of base salary, uplifted to reflect the payment by the recipient of Employer's National Insurance Contributions. Dennis Schulz also received an additional award uplift of 50% of salary.	All Executive Directors are expected to be granted an award equivalent to a maximum of 100% of base salary, uplifted to reflect the payment by the recipient of Employer's National Insurance Contributions. The CEO may receive an additional award uplift of 50% of salary.

Remuneration Report continued

Overview of the Executive Director remuneration policy continued

Remuneration element	Purpose and link to our strategy	Operation	Thresholds	Performance framework	Implementation	
					FY24	FY25
Share ownership						
All-employee share plans	To encourage share ownership across the organisation.	Executive Directors can participate in the UK Buy As You Earn plan (BAYE) on the same basis as other employees in the organisation.	Executive Directors are subject to the same maximums as all other employees who participate in the BAYE.	Not applicable.	The Company offered the BAYE throughout the year. All Executive Directors participated in the BAYE at the maximum level throughout the year.	The Company intends to offer the BAYE throughout the year. All Executive Directors are expected to continue their participation in the BAYE at the maximum level throughout the year.
Share ownership guidelines/ requirements	To build and maintain a shareholding to align their interests with those of shareholders.	Levels are set in relation to earnings and according to the post held in the Group. It is expected that Executive Directors will build up to the required level over a period, usually five years, through retaining shares received under the Group's incentive arrangements, net of sales to settle tax and other deductions, and/or shares purchased in their own right. Vested but unexercised options are included in the shareholding total at the date of vesting, adjusted for the exercise price, tax and any other deductions. When the options are exercised, the vesting calculation is reversed and the shares retained on exercise are included instead.	Executive Directors are expected to build and maintain a minimum shareholding equivalent to 100% of base salary.	Not applicable.	All Executive Directors met the shareholding guideline excluding Dennis Schulz who has 3 years to build his holding under the terms of the Directors holding policy. See Director's interests in shares of the Company on page 63 for details.	All Executive Directors are expected to continue to meet the shareholding guideline excluding Dennis Schulz who has 3 years to build his holding under the terms of the Directors holding policy.

Alignment with the wider workforce

The remuneration policy for the Executive Directors is informed by the structure operated for the broader employee population. Pay levels and components vary by organisational level but the broad themes and philosophy remain consistent across the Group.

Salaries are reviewed annually with regard to the same factors as those considered for Executive Directors. Pay rises for the wider workforce, excluding the Executive Directors, were implemented with effect from 1 June 2024 at an average of 7.3% of base salary.

All staff may participate in the BAYE after completing six months' qualifying service. This is intended to encourage share ownership in the Company and align the management team and all staff with the strategic business plan.

Eligibility for and provision of benefits and allowances varies by level and local market practice.

A contribution of 7% of base salary into a company pension scheme was available to most of the UK workforce.

Remuneration Report continued

Overview of the Executive Director remuneration policy continued

Remuneration element	Purpose and link to our strategy	Operation	Maximum opportunity	Performance framework	Implementation FY24	Implementation FY25
Overview of the Chair of the Board and Non-Executive Director remuneration policy						
Fees	To ensure we can attract and retain experienced and skilled Non-Executive Directors able to advise and assist with establishing and monitoring the strategic objectives.	Paid monthly in arrears by bank transfer. Fees for the Chair of the Board are determined by the Remuneration Committee. Fees for other NEDs are determined by the CEO and Chair of the Board. Any Director representing a shareholder on the Board is paid by the shareholder, not the Group.	Fee increases for NEDs will not normally exceed average base salary increases across the Group.	The Remuneration Committee considers several factors, including market rates, benchmarking to peers and the time commitment expected.	Chair of the Board: £150,000 NED base fee: £51,000 Additional fee for being Senior Independent Director: £10,000 Additional fee for an independent Non-Executive Director (excluding the Chair of the Board) chairing a Board Committee: £10,000 per Committee chaired. Jürgen Nowicki received no fees.	No proposed changes.
Expenses	Not applicable.	Reasonable expenses are reimbursed. The tax payable (grossed up) on any business expenses captured as taxable benefits may also be reimbursed. Expenses incurred for advice in respect of UK tax returns for non-UK NEDs may be reimbursed.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Share ownership guidelines/ requirements	To build and maintain a shareholding to align their interests with those of shareholders.	NEDs are encouraged to build and maintain a shareholding. See Director's interests in shares of the Company on page 62 for details.	Not applicable.	Not applicable.	Not applicable.	Not applicable.

Annual report on remuneration

Remuneration outcomes for FY24

The following pages set out details of the remuneration received by Directors for FY24. Prior year figures have also been shown. The Remuneration Report has not been audited.

The Directors' remuneration in the year was awarded in line with the remuneration policy.

Single total figure of remuneration for each Director

	Year ended 30 April	Base salary and fees (£)	Pension-related benefits (£)	Annual bonus (£)[1]	Long-term incentive awards (£)[2]	Loss of office (£)	Total (£)	Total fixed remuneration (£)	Total variable remuneration (£)
Executive Directors									
Dennis Schulz, CEO	**2024**	**432,000**	**49,500**	**424,913**	**106,228**	**–**	**1,012,641**	**481,500**	**531,141**
	2023	211,500	12,375	225,000	–	–	448,875	223,875	225,000
Andy Allen, CFO	**2024**	**279,000**	**42,000**	**106,965**	**44,569**	**–**	**472,534**	**321,000**	**151,534**
	2023	282,750	37,250	62,100	–	–	382,100	320,000	62,100
Simon Bourne, CTO	**2024**	**288,000**	**33,000**	**160,965**	**67,069**	**–**	**549,034**	**321,000**	**228,034**
	2023	288,000	32,000	62,100	–	–	382,100	320,000	62,100
Non-Executive Directors									
Sir Roger Bone, Chair	**2024**	**150,000**	**–**	**–**	**–**	**–**	**150,000**	**150,000**	**–**
	2023	150,000	–	–	–	–	150,000	150,000	–
Martin Green	**2024**	**71,000**	**–**	**–**	**–**	**–**	**71,000**	**71,000**	**–**
	2023	71,000	–	–	–	–	71,000	71,000	–
Jürgen Nowicki[3]	**2024**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2023	–	–	–	–	–	–	–	–
Denise Cockrem	**2024**	**56,833**	**–**	**–**	**–**	**–**	**56,833**	**56,833**	**–**
	2023	31,000	–	–	–	–	31,000	31,000	–
Katherine Roe[4]	**2024**	**29,583**	**–**	**–**	**–**	**–**	**29,583**	**29,583**	**–**
	2023	71,000	–	–	–	–	71,000	71,000	–

1. The cash element of the annual bonus payment for the FY24 performance period was paid in August 2024 after completion of the Audit process.
2. This figure relates solely to the deferred shares element of the annual bonus payments for the FY24 performance period. Any deferred shares will be granted at the next available opportunity when not under share dealing restrictions.
3. Shareholder nominated Directors receive no fees from the Company.
4. Katherine Roe resigned from the Board with effect from 29 September 2023.

Remuneration Report continued

Notes to the single figure table for Executive Directors

Base salary

Base salary refers to salary before any salary exchange (for example, for pension contributions or BAYE participation).

The Remuneration Committee considered current market salary information alongside the following factors in considering the remuneration of the Executive Directors:

- That shareholders would expect care and discretion to be used in judging to what extent, and over what timeframe, adjustments should be made
- Its remuneration principles, including the need to ensure its policy remains competitive and retains key talent
- The performance of the Executive Directors
- The approach taken to remuneration in the wider workforce

Consequently, the Remuneration Committee determined that the base salaries for Andy Allen and Simon Bourne would remain unchanged. For Dennis Schulz, to recognise his exceptional efforts driving transformational change, the Committee agreed to increase his base salary to £500,000 effective from 1 June 2024. It was also agreed that this base salary would not be subject to a review again until 2026 at the earliest.

Base salaries for the Executive Directors as from 1 June 2024:

Name	Base salary from 1 July 2023	Base salary from 1 July 2024
Dennis Schulz	£450,000	£500,000
Andy Allen	£300,000	£300,000
Simon Bourne	£300,000	£300,000

Pension

During the year, the Group paid contributions to the pensions of Dennis Schulz, Andy Allen and Simon Bourne a to 7% of base salary (before any salary exchange) in line with the terms available to the wider work force. The value stated represents the value of the Group's contribution and does not reflect any contribution made by the individual concerned through salary exchange.

Annual bonus

The annual bonus is the cash value of the annual bonus paid in respect of the year. It is based on the annual base salary (before any salary exchange) as at 30 April in the relevant financial year.

The Remuneration Committee's assessment of performance in FY24 is set out overleaf.

The Remuneration Committee takes into consideration wider performance before approving the formulaic outcomes from the incentive plans and applies its judgement by exercising upwards or downwards discretion when appropriate to do so. To assist it in determining whether adjustments are necessary, the Remuneration Committee applies a framework which considers performance from multiple perspectives including the underlying strength of results, the execution of strategic priorities, pay practices and outcomes for the wider workforce, and the returns to investors during the year.

For the annual bonus, in the year under review, business results improved markedly across a range of metrics. On revenue, events outside of the control of the business occurred that resulted in some sales revenue originally planned for this financial year being recognised in the following financial year. To reflect these events, the Remuneration Committee applied discretion in respect of certain of these delays to adjust the outcome for revenue, and by extension, EBITDA. These items will be adjusted out of the FY25 bonus calculation to avoid any risk of double counting them. The Remuneration Committee is satisfied that the FY24 bonus outcomes are appropriate.

Annual bonuses payable to the Executive Directors for FY24 were paid in cash and a deferred share award as follows:

Cash element:

Name	Maximum potential % of base salary	% of potential bonus achieved	Cash payment
Dennis Schulz	100	94.43	£424,913
Andy Allen	60	59.43	£106,965
Simon Bourne	60	89.43	£160,965

Deferred shares element:

Name	Maximum potential % of base salary	% of base salary achieved	Value of deferred share award
Dennis Schulz	25	23.61	£106,228
Andy Allen	25	14.86	£44,569
Simon Bourne	25	22.36	£67,069

The deferred share awards will be granted in accordance with the deferred bonus plan rules adopted by the Remuneration Committee on 18 December 2023, at the next available opportunity when not under share dealing restrictions. All shares granted under the deferred bonus plan are subject to a two-year vesting period. There are no performance conditions attached to the vesting of the shares, with vesting of the awards subject to continued employment at the date of vesting.

The annual bonus for FY25 is expected to operate on similar terms to the prior year. The performance target categories (and associated weightings) are: financial objectives (50%), relevant personal objectives (50%). The performance targets are measurable, challenging and subject to rigorous review by the Remuneration Committee. Subject to commercial sensitivity, we intend to provide an overview of the Remuneration Committee's assessment of performance against the underlying targets in next year's report.

Remuneration Report continued

Annual report on remuneration continued

Assessment of performance for FY24 bonus

Financial objectives (50%)
Pay-out between each level (minimum to target; target to maximum) will be on a straight-line basis.

All Executive Director financial objectives were based upon the following targets and outcomes:

Metric	Minimum	Target	Maximum	Performance Assessment[1]	Pay out
Revenue	£7.0m	£22.8m	£54.0m	£22.9m	12.5%
Orders contracted in year	£2.3m	£21.1m	£95.6m	£7.8m	5.87%
EBITDA	-£58.3m	-£34.6m	-£24.9m	-£28.0m	13.36%
Cash burn (excluding CAPEX)	-£21.1m	-£41.7m	-£67.1m	-£37.7m	12.7%
Total					44.43%

1. Remuneration Committee discretion applied in relation to Revenue and EBITDA assessments.

Personal objectives (50%)
Personal objectives for Executive Directors reflected their specific responsibilities around the successful completion of the Company's 12 month priority plan announced in January 2023, principally around the three focus areas of: i) concentrate on a standardised core product suite for repeatable and reliable volume manufacturing; ii) improve capital discipline by a stringent cost reduction programme in the short term, and by introducing professional processes for the future; and iii) debottleneck and ramp up fabrication and testing, and invest in incremental automation.

On reviewing personal performance against these objectives, the outcomes have been assessed as follows:

Name	Outcome
Dennis Schulz	50%
Andy Allen	15%
Simon Bourne	45%

Long-term incentive awards

ITM Power PLC Share Option Plan: EMI and Unapproved (SOP)

The SOP was introduced in 2010. Options were granted under the SOP as follows:

- EMI options granted under the SOP vested in three equal instalments on the first, second and third anniversaries of the date of grant and may be exercised up to the tenth anniversary of the date of grant
- Unapproved options granted under the SOP before 2019 vested in three equal instalments on the first, second and third anniversaries of the date of grant and may be exercised up to the tenth anniversary of the date of grant
- Unapproved options granted under the SOP in 2019 vest on the third anniversary of the date of grant and may be exercised up to the tenth anniversary of the date of grant

There are no performance conditions for EMI options or unapproved options granted under the SOP.

No consideration is payable for the grant of awards under the SOP. The exercise price is the mid-market price of shares on AIM at the close of trading on the day before the grant of options.

No further awards will be granted under this plan.

Details of outstanding options granted under the SOP are provided in the Statement of directors' shareholding and share interests on page 63.

LTIP

The LTIP was introduced in 2020, when use of the SOP was discontinued. Vesting of awards occurs on the third anniversary of the date of grant, subject to continued employment and satisfaction of performance conditions. Performance conditions are set by the Remuneration Committee and awards granted to the wider workforce are subject to the same performance conditions as those applied to the Executive Directors. The performance conditions set stretching targets to drive future performance, aligned with our long-term strategy.

The Remuneration Committee may, in its discretion, adjust downwards the extent to which an award shall vest (including to zero) where overall Company performance over the duration of the performance period has not been deemed to be satisfactory.

Shares granted to Executive Directors under the terms of the LTIP are subject to a two-year holding period from the vesting date to the fifth anniversary of the date of grant.

Executive Directors were granted an LTIP award of 150% of base salary during the year for Dennis Schulz and 100% of base salary for Andy Allen and Simon Bourne during the year, plus an uplift to cover Employer's National Insurance Contributions, which are passed on to the participant as permitted under UK legislation. No consideration is payable for the grant of awards under the LTIP, which are structured as nominal cost options meaning the exercise price is £0.05 per share. The number of shares awarded was calculated using a share price of £0.6871, being the volume weighted average price for the last five days of trading prior to the date of grant.

Awards granted during the year are subject to stretching performance conditions over a performance period from 1 May 2023 to 30 April 2026. 60% of the award is subject to a performance condition relating to the growth in the Company's total shareholder return ('TSR'), 30% of the award is subject to a performance condition relating to the Company's EBITDA performance and 10% of the award is subject to a performance condition relating to ESG targets. The TSR performance condition will be measured at the end of each of three consecutive financial years commencing with the financial year in which the award is granted and each relevant TSR performance period will commence on the first day of the financial year in which the award is granted. The EBITDA performance condition and ESG performance condition will be measured once only, after the end of the second financial year after the financial year in which the award is granted.

Remuneration Report continued

Long-term incentive awards continued

LTIP continued

The performance period of the LTIP awards granted in 2021 ended on 30 April 2024. Following this the Remuneration Committee met to review if the performance condition (which related to total shareholder return when compared to the AIM 50 index) had been met. Following this assessment it was determined that the conditions had not been met. The awards made under the 2021 grant have therefore lapsed without value to participants.

The performance period of the discretionary LTIP award granted to Dennis Schulz in 2022 ended on 30 April 2024. Following this the Remuneration Committee met to review if the performance condition (which related to total shareholder return when compared to the AIM 50 index). From this assessment, it was determined that the conditions had not been met. The award made under the 2022 grant have therefore lapsed without value to participant.

It is expected that awards will be granted to the Executive Directors in FY25 on the same basis as in the prior year and will be subject to similar stretching performance conditions, with the Remuneration Committee due to undertake a review of the performance criteria and any relevant comparator benchmarking groups ahead of any grant.

Notes to the single figure table for Non-Executive Directors

Fees

No changes were made to fees to be paid to the Chairman and Non-Executive Directors when they were reviewed in the summer of 2024.

Fees paid to the Non-Executive Directors with effect from 1 July 2024 were:

Role		Current fees
Chair of the Board		£150,000
Base fee	Independent Non-Executive Director	£51,000
	Shareholder nominated Non-Executive Director	–
Senior Independent Director		£10,000
Chair of a Committee	Audit, ESG and Remuneration	£10,000
	Nomination and Technology Management Committees	–

Payments to past Directors

During the year, a former Director, Rachel Smith, exercised 97,000 USOP options. The remaining balance of her unexercised options (391,666) must be exercised by 31 December 2024, after which point all remaining unexercised options will lapse.

Payments for loss of office

There were no payments for the loss of office during the year.

Remuneration Report continued

Annual report on remuneration continued

Statement of directors' shareholding and share interests

Directors' share awards and long-term incentive awards

Name	Plan name	Award date	Shares under option at 01/05/23	Granted	Exercised	Lapsed	Shares under option at 30/04/24	Exercise price	Vesting date	Expiry date
Dennis Schulz	LTIP	13/01/23	253,515	–	–	253,515[2]	–	£0.05	30/4/2024	13/01/33
	LTIP	25/10/23	–	1,117,960	–	–	1,117,960	£0.05	25/10/26	25/10/36
	Total		**253,515**				**1,117,960**			
Andy Allen	SOP[1]	14/08/18	666,667	–	–	–	666,667	£0.30	1/2: 14/08/20 1/2: 14/08/21	14/08/28
	SOP[1]	24/10/19	47,250	–	–	–	47,250	£0.48	24/10/22	24/10/29
	LTIP	16/12/21	86,650		–	86,650[2]	–	£0.05	16/12/24	16/12/31
	LTIP	25/10/23	–	496,871	–	–	496,871	£0.05	25/10/26	25/10/36
	Total		**800,567**				**1,210,788**			
Simon Bourne	SOP[1]	14/08/18	1,166,667	–	–	–	1,166,667	£0.30	1/2: 14/08/20 1/2: 14/08/21	14/08/28
	SOP[1]	24/10/19	159,750	–	–	–	159,750	£0.48	24/10/22	24/10/29
	LTIP	16/12/21	86,650	–	–	86,650[2]	–	£0.05	16/12/24	16/12/31
	LTIP	25/10/23	–	496,871	–	–	496,871	£0.05	25/10/26	25/10/36
	Total		**1,413,067**				**1,823,288**			

1. SOP awards described here are all unapproved options granted under a plan adopted in 2010, when our share price was significantly lower. Unlike awards granted under the terms of the LTIP, they are not subject to performance conditions.
2. The performance conditions of the 2022 discretionary award to Dennis Schulz, together with those of the 2021 LTIP awards, were determined by the Remuneration Committee to have not been met. As a result, these options have lapsed for all participants.

Remuneration Report continued

Directors' interests in shares of the Company

	Shares beneficially owned at 30 April 2024	Options vested but not exercised	Shareholding as a percentage of base salary[1]
Executive Directors			
Dennis Schulz	57,670[2]	–	13.73%
Andy Allen	95,004[2]	666,667	293.12%
Simon Bourne	128,723[2]	1,166,667	451.19%
Non-Executive Directors			
Sir Roger Bone	286,236	–	–
Denise Cockrem	4,512	–	–
Martin Green	91,319	–	–
Jürgen Nowicki	–	–	–
Katherine Roe[3]	12,659	–	–

1. Base salary is as at 30 April 2024. Shares are valued as follows:
   - Shares that are beneficially owned are valued at the price at which they were acquired.
   - Options that have vested but not been exercised are valued at the mid-market closing price of the shares on the date of vesting, less the exercise price and deductions for tax and social security contributions. Once they are exercised, they are included in the shares beneficially owned and valued at the share price on the date of exercise.
2. Includes shares held in the BAYE. Each Executive Director participates in the BAYE. As at 30 April 2024, Dennis Schulz held 3,205 shares he had purchased and 3,205 matching shares awarded to him by the Company. Andy Allen and Simon Bourne each held 5,113 shares they had purchased and 5,113 matching shares awarded to them by the Company. Shares acquired through the BAYE are held in a trust until a request is received to withdraw them or a participant leaves the Group's employment. Matching shares are forfeited if the participant leaves or withdraws the associated purchased shares from the trust within three years of the matching shares being acquired, except in specific leaving circumstances.
3. Katherine Roe resigned effective 29 September 2023.

Dilution

SOP, LTIP and deferred bonus plan awards can be satisfied using new issue shares, shares held in treasury or market purchase shares. The Remuneration Committee reviews the dilution position of the Company prior to granting share awards.

In line with best practice, the Remuneration Committee ensures that the number of new ordinary shares issued in any 10-year period does not exceed 10% of the Company's issued share capital under all the Company's share plans and does not exceed 5% under the SOP, LTIP and deferred bonus plan in aggregate.

Currently, new issue shares are used to satisfy options granted under the terms of the SOP, LTIP and deferred bonus plan when they are exercised.

Executive Directors' service contracts

Each Executive Director has a signed service contract that terminates on 12 months' notice.

The Directors' service contracts are available to view at the Company's registered office and prior to each AGM at the venue for the meeting.

The contracts contain restrictive covenants for periods of up to six months post-employment relating to non-competition and non-solicitation of the Group's customers, suppliers and employees and indefinitely with respect to confidential information. In addition, they provide for the Group to own any intellectual property rights created by the Directors in the course of their employment.

Each Executive Director's service contract includes a right for the Group to terminate the agreement and make a payment of base salary in lieu of the notice period. There are no contractual rights to additional compensation at termination.

Advisors to the Committee

During the year, the Remuneration Committee did not engage the services of any remuneration consultants.

Directors' Report

The Directors of the Company present their report, together with the audited Consolidated Financial Statements, for FY24.

This Directors' Report has been prepared in accordance with the Companies Act. Additional information and disclosures, as required by the Companies Act, are included elsewhere in this Annual Report and are incorporated into this Directors' Report by reference in the following table:

Disclosure	Location	Page(s)
Names of Directors during the year	Board of Directors	42 to 43
Review of likely future developments	CEO's Statement CFO's Review	8 to 11 13
Post-balance sheet events	CFO's Review Note 33 to the Consolidated Financial Statements	13 95
Workforce engagement	Our Stakeholders and Section 172(1) Statement Sustainability Report	19 28 to 30
Information on the employment and training of disabled people	Sustainability Report	30
Business relationships with suppliers, customers, and others	Our Stakeholders and Section 172(1) Statement	18 to 21
GHG emissions	Sustainability Report	24 to 25
Corporate Governance arrangements	Corporate Governance Report Audit Committee Report Remuneration Report	44 to 47 48 to 51 52 to 62
Financial instruments and financial risk management	Note 30 to the Consolidated Financial Statements	93 to 94
Related party transactions	Note 31 to the Consolidated Financial Statements	95
Disclosure of information to the external auditor	Directors' Responsibilities Statement	66

Dividend
The Directors do not recommend payment of a dividend.

Directors' indemnity arrangements
Qualifying third-party indemnities were in place throughout FY24, and remain in place as at the date of this Annual Report. Under these indemnities, the Company has agreed to indemnify the Directors of the Company, to the extent permitted by law, against losses and liabilities that may be incurred in executing the powers and duties of their office.

Political donations
The Group made no political donations or contributions during the year (2023: nil). It is our policy not to make political donations or incur political expenditure.

Research and development (R&D)
During the year the Group incurred R&D-related costs of £2.6 million (2023 £1.7 million). The Group's R&D is focused on achieving four main aims: (1) new manufacturing processes for cost cutting and mass production; (2) improving cell efficiency; (3) improving stack life and reducing degradation; and (4) scale up and product life cycle.

Domicile
The Company was incorporated in England and Wales under the Companies Act. It is registered at Companies House under company number 05059407.

Shares

Share Capital
The Company's issued share capital comprises Ordinary shares of £0.05 each, which are admitted to trading on AIM on the London Stock Exchange.

As at the date of this Annual Report, the Company's share capital comprised 617,370,989 Ordinary shares issued and fully paid up. Shares may be held in certificated or uncertificated form. Further details of the Company's issued share capital, including changes during the year, can be found in Note 24 to the Consolidated Financial Statements on page 91.

Rights and obligations attaching to shares
The rights and obligations attaching to the Company's ordinary shares are contained in the Company's Articles of Association and the Companies Act. In summary:

- The ordinary shares allow holders to receive dividends and to exercise one vote on a poll per ordinary share for every holder present in person or by proxy at general meetings of the Company
- Shares held in treasury are not entitled to vote or receive dividends

There is no ownership ceiling.

Restrictions on transfer of securities
There are no restrictions on the transfer or sale of ordinary shares and no requirements for prior approval of any transfers, except:

- Under the Company's Articles of Association, the Directors have the power to suspend voting rights and the right to receive dividends in respect of ordinary shares and to refuse to register a transfer of ordinary shares in circumstances where the holder of those shares fails to comply with a notice issued under section 793 of the Companies Act.
- The Directors also have the power to refuse to register any transfer of certificated shares that does not satisfy the conditions set out in the Articles of Association.

The Company is not aware of any agreements between shareholders that might result in the restriction of transfer or voting rights in relation to the shares held by such shareholders.

Employee share schemes
Shares issued under the Company's employee share schemes rank pari passu with the existing shares of the Company. Voting rights attached to shares held on trust on behalf of participants in the BAYE are exercised by the trustee as directed by the participants.

Directors' Report continued

Significant shareholdings
Notification has been received of the following interests of significant shareholders that equal or exceed a 3% interest in the issued share capital of the Company:

	At 30 April 2024		At 14 August 2024	
Investor	Number of ordinary shares	% of issued share capital	Number of ordinary shares	% of issued share capital
Linde UK Holdings No.2 Limited	**100,000,000**	**16.21**	100,000,000	16.20
Hargreaves Lansdown	**39,917,369**	**6.47**	43,212,031	7.00
DWP Bank	**39,572,927**	**6.41**	39,850,593	6.45
JCB Research	**31,470,595**	**5.10**	31,470,595	5.10
Mr Peter K Hargreaves	**27,686,070**	**4.49**	27,686,070	4.48
Interactive Investor Trading	**25,991,510**	**4.21**	28,194,791	4.57
ING DiBA	**21,452,306**	**3.48**	22,091,340	3.58

The Directors have been notified that 16.37% of the shares in issue were not in public hands as at 30 April 2024 and 16.29% of the shares in issue are not in public hands as at the date of this Annual Report.

Share buy-backs
The Directors have not sought authority to buy-back the Company's shares and the Company has not purchased any of its own shares. No shares are held in treasury.

External auditor
Grant Thornton UK LLP has expressed its willingness to continue in office as auditor. The Directors intend to recommend a resolution to reappoint Grant Thornton UK LLP at the Company's next Annual General Meeting.

Employees with disabilities
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Financial instruments
Details of the use of financial instruments and financial risk management are included in note 30 to the financial statements contained in this Annual Report, which are incorporated by reference into this Directors' Report.

Approved by the Board and signed on its behalf by:

Huan Quayle
General Counsel and Company Secretary
14 August 2024

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report and the Directors' 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. Under that law, the Directors have prepared the financial statements in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 (the "Act") as applicable to companies reporting under those standards. They have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) (UK GAAP), including FRS 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs and profit or loss of the Company and 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 accounting estimates that are reasonable and prudent
- State whether applicable international accounting standards in conformity with the requirements of the Companies Act have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and/or Group will continue in business

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

The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. In this regard, the Company has complied with Rule 19 and Rule 26 of the AIM Rules for Companies (2021).

Legislation, regulation and practice in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Report and Accounts

We, the Directors, whose names and functions are set out on pages 42 to 43, confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Group's external auditor is unaware
- The Directors have each taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information

Approved by the Board and signed on its behalf by:

Andy Allen
Chief Financial Officer
14 August 2024

Independent Auditor's Report to the Members of ITM Power PLC

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of ITM Power PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2024, which comprise the Consolidated Income Statement and Other Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Statement of Changes in Equity, the Company Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. 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).

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 30 April 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 United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 are 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 entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- We obtained management's base case and sensitised cashflow forecasts to 30 September 2025, and assessed the suitability of the models used to forecast cash flows, including testing of the mathematical accuracy;
- We challenged the key assumptions in the forecasts and the scope of scenario planning undertaken, given current economic conditions;
- We inspected capital commitments and forecasted capital expenditure to determine whether these have been appropriately incorporated into the forecasts and that there was sufficient headroom to cover these costs for the going concern period;
- We assessed the projected cash flows in management's forecasts for the going concern assessment period by reference to our expectations formed from the procedures performed in relation to contracts and by comparing forecast cash costs to those incurred in previous years;
- We inquired with management and those charged with governance whether there were events or conditions beyond the period of management's assessment that may cast significant doubt on the entity's ability to continue as a going concern;
- We confirmed the cash balance held by the group at 30 April 2024 and compared this to the cash requirements indicated in management's forecasts, noting that the balance held is significantly higher than forecasted costs;
- We considered management's ability to accurately forecast by comparing the prior year forecasts to the actual performance in the current year;
- We compared the Group's post year end trading results, including cash balances through to signing, to the base case forecasts, understanding the reasons for any significant variances and assessing the impact on going concern; and
- We assessed the adequacy of disclosures relating to the use of the going concern basis of accounting in the financial statements.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as inflation. We assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

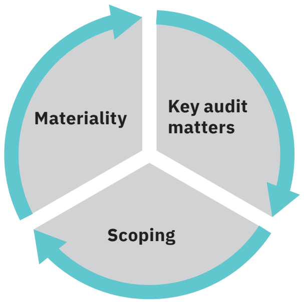
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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's 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.

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 to the Members of ITM Power PLC continued

Our approach to the audit



Overview of our audit approach

Overall materiality:
Group: £2,927,000, which represents approximately 5% of the group's three-year average loss before tax.

Parent company: £1,399,000, which represents 0.5% of the parent company's total assets.

Key audit matters were identified as:

- Accuracy of the contract loss provision and the warranty provision (same as previous year)
- Valuation of the inventory provision (same as previous year)

Our auditor's report for the year ended 30 April 2023 included no key audit matters that have not been reported as key audit matters in our current year's report.

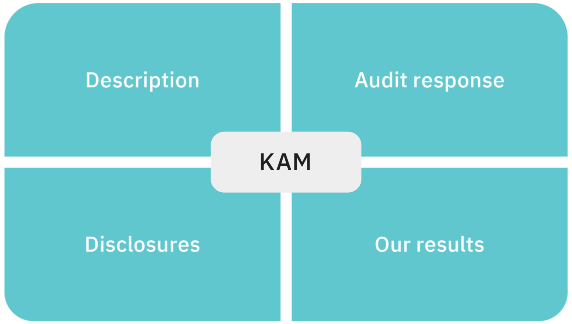
Scoping has been determined to ensure appropriate coverage of the group significant risks and key financial statement line items. The coverage of key financial statement line items in significant components and where specific audit procedures were performed were:

- Group loss before tax: 97% (2023: 98%)
- Group revenue: 95% (2023: 95%)

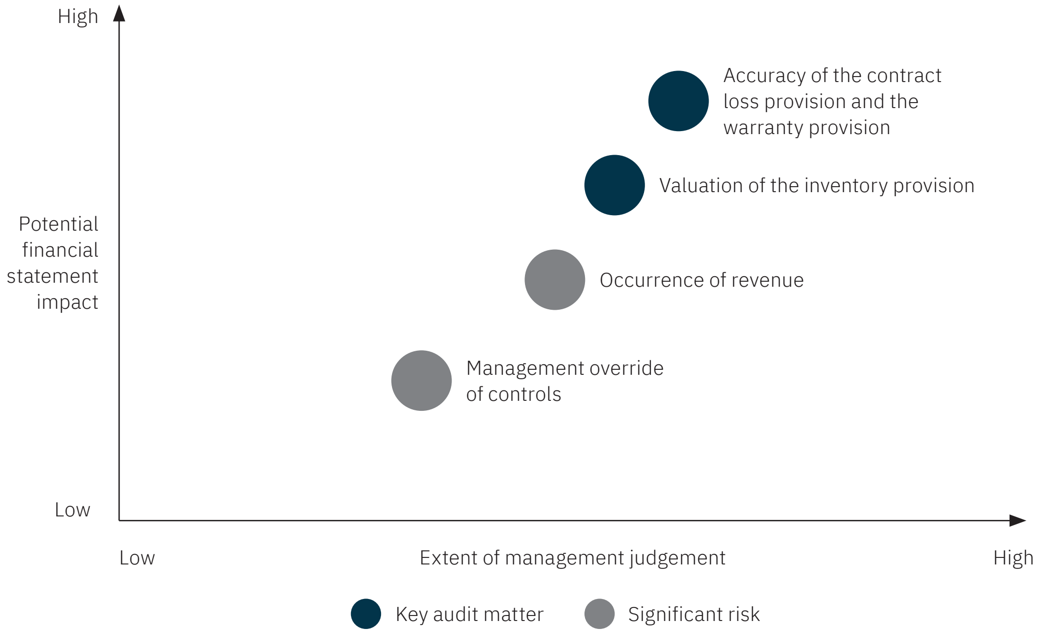
In response to changes within the group since the prior year, one component is no longer subject to specific-scope audit procedures as it is now less financially significant to the group; it is instead subject to analytical procedures at the group level. One component is now subject to specific audit procedures due to the existence of balances therein that are significant to the group.

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. These matters included those that 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.



In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.



Independent Auditor's Report to the Members of ITM Power PLC continued

Key audit matters continued

Key Audit Matter – Group	How our scope addressed the matter – Group
Accuracy of the contract loss provision and the warranty provision We identified the accuracy of the contract loss provision and warranty provision as one of the most significant assessed risks of material misstatement due to error. This is because of the level of management judgement and estimation needed to assess the provisions. The contract loss and warranty provisions recorded in the financial statements total £23.3 million (2023: £46.5 million). Most of the contracts that ITM Power have entered into are loss making. There is a significant level of judgement and estimation in calculating future expected costs on the contracts. The impact of incorrect assessment of these costs is the potential for immediate recognition of future losses. As these are typically multi-year projects, the estimated forecast losses are sensitive to small changes and have the potential for material error. There is a significant level of management judgement and estimation in calculating future expected warranty costs on the contracts as there is limited data available for the performance of these first-of-kind products. Where the contract is loss making and before the control of goods has passed to the customer, the warranty provision is recognised within the contract loss provision. As these contracts can be individually significant, the estimated forecast warranty costs are also sensitive to small changes and have the potential for material error.	In responding to the key audit matter, we performed the following audit procedures: › Understood the design and assessed the implementation of the controls relevant to the determination and recording of the contract loss and warranty provisions; › Obtained management's schedule of contract loss and warranty provisions; › Made inquiries of the specific project managers to obtain an understanding of their processes and methods of estimating costs to complete and assessed whether there were indicators of management bias in the assumptions used and corroborated estimates based on prior experience to historic data; › Analysed the risk register by comparing risks on a contract-by-contract basis for completeness, understanding the value and probability assigned to risks and challenging project managers over their assumptions; › Analysed contracts to identify liquidated damages that impact the contract loss provision, or other clauses which may have had a material impact on the loss recognised; › Obtained post year end schedules for total expected costs for loss making contracts to identify whether the costs used in assessing contract losses were appropriate. We also determined whether forecast costs to complete had increased significantly and where they had, corroborated management's explanations for the changes; › Compared the total expected costs by contract from the year end to the previous year end, obtaining explanations and supporting documentation for movements in order to assess the historical accuracy of forecasting; › Obtained supporting evidence, such as purchase orders, supplier quotations or post year end purchase invoices, for a sample of forecast costs to complete; › Challenged the assumptions relating to the warranty provisions by comparing the data for warranty failures to the percentages applied in the provision; › Recalculated the warranty provision based on management's assumptions and re-performed management's sensitivity analysis; › Agreed a sample of inputs to the warranty provision calculation to supporting evidence; › Considered and assessed the allocation between the contract loss and warranty provision; and › Assessed the adequacy of the financial statement disclosures.
Relevant disclosures in the Annual Report 2024 › Financial statements: Note 4, Critical accounting judgements and key sources of estimation uncertainty and Note 22, Provisions › Audit committee report: Page 50, Significant accounting judgements and estimates	**Our results** Based on our audit work, we are satisfied that assumptions made by management in recording the contract loss and warranty provisions are appropriate, and their recognition is in accordance with the requirements of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and IFRS 15 'Revenue from Contracts with Customers'.

Independent Auditor's Report to the Members of ITM Power PLC continued

Key audit matters continued

Key Audit Matter – Group	How our scope addressed the matter – Group
Valuation of the inventory provision We have identified the valuation of the inventory provision as one of the most significant assessed risks of material misstatement due to error. This is because of the level of judgement and estimation needed to calculate the provision amount. The majority of contracts that ITM Power have entered into have been loss making which casts doubt over the net realisable value of remaining inventory. As the gross value of such inventory has significantly increased in recent years to £94.0 million (2023: £76.6 million), the inventory provisioning estimate is sensitive to small changes and has the potential for material error.	In responding to the key audit matter, we performed the following audit procedures: › Understood the design and assessed the implementation of the controls relevant to the determination and recording of the inventory provision; › Obtained management's provision calculation and assessed its accuracy by agreeing a sample of items therein to supporting evidence to ensure their methodology has been accurately and consistently applied. We also identified the key judgements within the calculation and selected a sample to agree to supporting documentation to assess if the judgement applied is reasonable. Furthermore, we agreed the gross inventory balance used in management's assessment to the inventory ledger; › Obtained management's paper regarding the methodology applied and assessed the application of their policy in accordance with the requirements of IAS 2 'Inventories' and IAS 37; › Assessed management's ability to forecast accurately through evaluating the appropriateness of the provisioning methodology by testing inventory utilisation in the year to management's workings; › Understood how management identify slow moving or excess inventory quantities and challenged how the provision for these items was determined; › Challenged management over the inventory items held and whether they are assigned to loss making contracts and should therefore be provided for within the inventory provision; and › Assessed the adequacy of the financial statement disclosures in accordance with IAS 2 and IAS 37.
Relevant disclosures in the Annual Report 2024 › Financial statements: Note 4, Critical accounting judgements and key sources of estimation uncertainty and Note 16, Inventory › Audit committee report: Page 50, Significant accounting judgements and estimates	**Our results** Based on our audit work, we are satisfied that assumptions made by management in recording the inventory provisions are appropriate, and their recognition is in accordance with the requirements of IAS 37 and IAS 2 'Inventories'.

We did not identify any key audit matters relating to the audit of the financial statements of the parent company only.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£2,927,000 (2023: £2,800,000), which represents approximately 5% of the group's three-year average loss before tax.	£1,399,000 (2023: £2,240,000), which represents 0.5% of the parent company's total assets.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: › The profitability of the group is a key measure in the group's ability to deliver additional value and is therefore the most appropriate measure. We have used a three-year average due to the fluctuations in the profitability of the group and the life cycle for contracts. › 5% has been applied as a reasonable percentage having considered regulator expectations and other market participants in comparable industries. Materiality for the current year is higher than the level that we determined for the year ended 30 April 2023 to reflect the increase in the group's three year average loss before tax.	In determining materiality, we made the following significant judgements: › We determined an asset-based measure was most appropriate as the company holds investments in the group undertakings, as well as provides financing to group undertakings. › 0.5% has been applied as a reasonable percentage having considered regulator expectations and other market participants in comparable industries. Materiality for the current year is lower than the level that we determined for the year ended 30 April 2023 to reflect the decrease in the parent company's total assets.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	

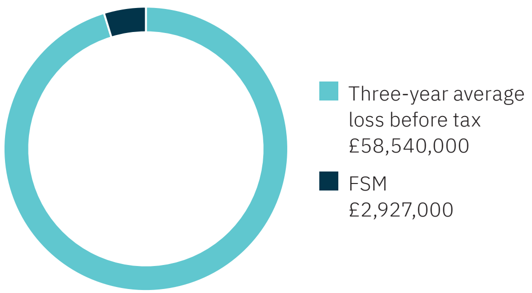
Independent Auditor's Report to the Members of ITM Power PLC continued

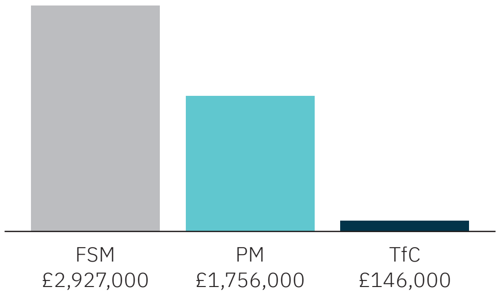
Our application of materiality continued

Materiality measure	Group	Parent company
Performance materiality threshold	£1,756,000 (2023: £1,680,000), which is 60% (2023: 60%) of financial statement materiality.	£839,000 (2023: £1,344,000), which is 60% (2023: 60%) of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: › The extent and size of errors identified in the prior year along with control deficiencies identified.	In determining performance materiality, we made the following significant judgements: › The extent and size of errors identified in the prior year along with control deficiencies identified.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: › Directors' remuneration; › Key management personnel remuneration; and › Identified related party transactions outside of the normal course of business.	We determined a lower level of specific materiality for the following areas: › Directors' remuneration; › Key management personnel remuneration; and › Identified related party transactions outside of the normal course of business.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£146,000 (2023: £140,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£70,000 (2023: £112,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

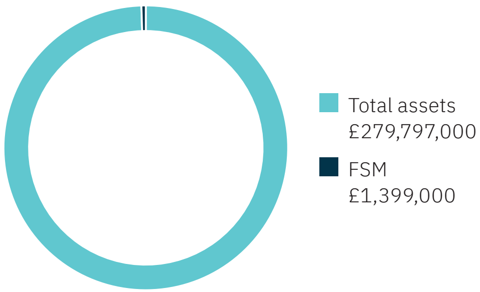
The graph below illustrates how performance materiality interacts with our overall materiality and the threshold for communication to the audit committee.

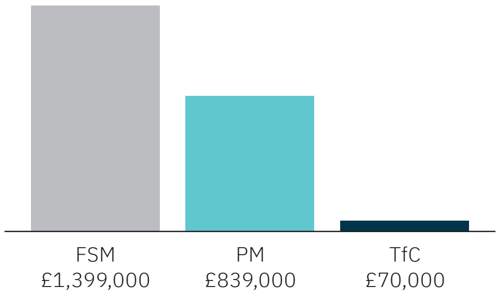
Overall materiality – Group





Overall materiality – Parent company





FSM: Financial statement materiality
PM: Performance materiality
TfC: Threshold for communication to the audit committee

Independent Auditor's Report to the Members of ITM Power PLC continued

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- the engagement team obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level;
- the engagement team obtained an understanding of the group's organisational structure and considered it for impact on the scope of the audit, for example the level of centralisation of the group control function; and
- the engagement team performed walkthrough tests of key areas of focus, including significant risks, in order to confirm their understanding of the control environment across the group.

Identifying significant components

- the engagement team evaluated the identified components to assess their significance and determine the planned audit response based on a measure of materiality. Significance was determined based on the percentage of the group's loss before tax and qualitative factors, such as the component's specific nature or circumstances.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- an audit of the financial information of the component using component materiality (full-scope audit) was performed on the financial information of two components. These procedures included a combination of tests of details and analytical procedures.
- the accuracy of the contract loss provision and warranty provision and the valuation of the inventory provision key audit matters were addressed with the full scope entities.
- specific audit procedures were carried out on a further one component using group materiality. These procedures included a combination of tests of details and analytical procedures and were designed to increase coverage of the group's financial statement line items.
- analytical procedures were performed for the three components that were not individually significant to the group. Where there were material balances in these components that affect the group, procedures were performed on those balances to determine whether there was evidence of material misstatement.

Performance of our audit

- the going concern assessment was performed at a group level given the group structure and capital management policies.
- the Group engagement team attended year-end inventory counts in the UK. Auditors from Grant Thornton member firms were engaged to attend the overseas count under the direction of the Group audit team in Germany.
- audit procedures across all components were performed by the group engagement team in accordance with the scope described. There were no component engagement teams engaged to support the group engagement team.
- as part of planning procedures, the group engagement team assessed the group's internal control environment including controls in relation to its IT systems and controls to inform our risk assessment. The audit testing approach was wholly substantive.

Changes in approach from previous period

- The components subject to full-scope audit remain the same as the previous year.
- One component subject to specific scope audit has been removed in the current year as it is less financially significant to the group in the current year. This is now subject to analytical procedures at group level.
- One component subject to specific audit procedures has been added in the current year as it has become more financially significant to the group.
- One component previously subject to analytical procedures has been removed in the current year as it is no longer a component of the group following its sale.

Audit approach	No. of components	% coverage loss before tax	% coverage revenue
Full-scope audit	2	97	95
Specified audit procedures	1	—	—
Analytical procedures	4	3	5
Total	7	100	100

Other information

The other information comprises the information included in the annual report 2024, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report 2024. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Independent Auditor's Report to the Members of ITM Power PLC continued

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 group and parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the group and parent company financial statements 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 Directors' Responsibilities Statement set out on page 66, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and how the entity is complying with them. We did this based on our commercial and sector experience, through discussion with the directors and the Audit Committee, and from inspection of the group's board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations across the Group with the directors and the Audit Committee;
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent company and determined that the most significant are those related to the reporting frameworks (UK-adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006), as well as the relevant tax regulations and data protection laws;
- We assessed the susceptibility of the group and parent company financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that are posted by senior finance personnel, journals posted by personnel outside of the finance department and unusual account combinations;
  - potential management bias in determining accounting estimates, especially in relation to their assessment of the contract loss and warranty provisions, inventory provision and the valuation of non-current assets and in the case of the parent company, investments in subsidiaries; and
  - transactions with related parties.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the group and the parent company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located 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 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David White
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
14 August 2024

Consolidated Income Statement and Other Comprehensive Income

	Note	2024 £000	2024 £000	2023 £000	2023 £000
Revenue	5		**16,509**		5,229
Cost of sales	6		**(33,173)**		(84,294)
Gross loss			**(16,664)**		(79,065)
Administrative expenses	6		**(22,575)**		(26,222)
Other income – government grants	5		**1,228**		1,574
Loss from operations	6		**(38,011)**		(103,713)
Share of loss of associate companies	12		**(291)**		(1,567)
Finance income	9		**12,219**		4,652
Finance costs	9		**(643)**		(541)
Loss on disposal of joint venture	20		**(331)**		–
Loss before tax			**(27,057)**		(101,169)
Current tax	10		**(167)**		(32)
Loss for the year			**(27,224)**		(101,201)
Other total comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences on foreign operations		**174**		160	
Net other total comprehensive income			**174**		160
Total comprehensive loss for the year			**(27,050)**		(101,041)
Basic and diluted loss per share	11		**(4.4p)**		(16.4p)

The results presented above are derived from continuing operations and are attributable to owners of the Company.

The notes on pages 78 to 95 form part of these financial statements.

Consolidated Balance Sheet

	Note	2024 £000	2023 £000
Non-current assets			
Investment in associate	12	**53**	379
Intangible assets	13	**10,174**	11,475
Right of use assets	14	**12,250**	6,934
Property, plant and equipment	15	**29,398**	20,489
Financial asset at amortised cost	30	**400**	174
Total non-current assets		**52,275**	39,451
Current assets			
Inventories	16	**70,417**	58,840
Trade and other receivables	18	**28,741**	19,657
Cash and cash equivalents	19	**230,348**	282,557
		329,506	361,054
Assets held for sale	20	**–**	1,814
Total current assets		**329,506**	362,868
Current liabilities			
Trade and other payables	21	**(68,290)**	(46,081)
Provisions	22	**(10,095)**	(17,893)
Lease liability	23	**(678)**	(943)
Total current liabilities		**(79,063)**	(64,917)
Net current assets		**250,443**	297,951
Non-current liabilities			
Lease liability	23	**(12,026)**	(6,866)
Provisions	22	**(21,974)**	(35,028)
Total non-current liabilities		**(34,000)**	(41,894)
Net assets		**268,718**	295,508
Equity			
Called up share capital	24	**30,849**	30,823
Share premium account	24	**542,735**	542,593
Merger reserve	24	**(1,973)**	(1,973)
Foreign exchange reserve	24	**346**	172
Retained loss	24	**(303,239)**	(276,107)
Total equity		**268,718**	295,508

The notes on pages 78 to 95 form part of these financial statements.

The financial statements of ITM Power PLC, registered number 05059407, were approved by the Board of Directors and authorised for issue on 14 August 2024. Signed on behalf of the Board of Directors:

Andy Allen
Director
14 August 2024

Consolidated Statement of Changes in Equity

	Note	Called up share capital £000	Share premium account £000	Merger reserve £000	Foreign exchange reserve £000	Retained loss £000	Total equity £000
At 1 May 2022	24	30,658	542,323	(1,973)	12	(176,067)	394,953
Transactions with owners							
Issue of shares	24	165	270	–	–	–	435
Credit to equity for share-based payment		–	–	–	–	1,161	1,161
Total transactions with owners		165	270	–	–	1,161	1,596
Loss for the year		–	–	–	–	(101,201)	(101,201)
Other comprehensive income	24	–	–	–	160	–	160
Total comprehensive loss		–	–	–	160	(101,201)	(101,041)
At 1 May 2023	24	30,823	542,593	(1,973)	172	(276,107)	295,508
Transactions with owners							
Issue of shares	24	**26**	**142**	**–**	**–**	**–**	**168**
Credit to equity for share-based payment		**–**	**–**	**–**	**–**	**92**	**92**
Total transactions with owners		**26**	**142**	**–**	**–**	**92**	**260**
Loss for the year		**–**	**–**	**–**	**–**	**(27,224)**	**(27,224)**
Other comprehensive income	24	**–**	**–**	**–**	**174**	**–**	**174**
Total comprehensive loss		**–**	**–**	**–**	**174**	**(27,224)**	**(27,050)**
At 30 April 2024	24	**30,849**	**542,735**	**(1,973)**	**346**	**(303,239)**	**268,718**

The notes on pages 78 to 95 form part of these financial statements.

Consolidated Cash Flow Statement

	Note	2024 £000	2023 £000
Net cash used in operating activities	26	**(50,581)**	(72,554)
Investing activities			
Investment in joint venture / associate	12	**–**	(472)
Proceeds on sale of joint venture	20	**1,483**	–
Deposits paid on new leasehold assets		**(496)**	–
Purchases of property, plant and equipment	15	**(11,967)**	(8,553)
Capital grants received against purchases of non-current assets		**–**	124
Proceeds on disposal of property, plant and equipment		**19**	–
Payments for intangible assets	13	**(2,037)**	(6,562)
Interest received		**12,203**	4,562
Net cash used in investing activities		**(795)**	(10,901)
Financing activities			
Issue of ordinary share capital		**167**	1,048
Costs associated with previous equity raise		**–**	(612)
Payment of lease liabilities	23	**(1,058)**	(531)
Net cash used in financing activities		**(891)**	(95)
Decrease in cash and cash equivalents	27	**(52,267)**	(83,550)
Cash and cash equivalents at the beginning of year		**282,557**	365,882
Effect of foreign exchange rate changes	27	**58**	225
Cash and cash equivalents at the end of year	19	**230,348**	282,557

The notes on pages 78 to 95 form part of these financial statements.

Notes to the Consolidated Financial Statements

1. General information

ITM Power PLC is a public company incorporated in England and Wales under the Companies Act 2006. The registered office is at 2 Bessemer Park, Sheffield, South Yorkshire S9 1DZ. The nature of the operations and principal activities of the Company and its subsidiaries (together the "Group") are disclosed in the Strategic Report.

These financial statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Group operates.

2. Adoption of new and revised standards

Amendments to International Financial Reporting Standards (IFRSs) that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (IASB):

- IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies from Significant to Material (effective for periods beginning on or after 1 January 2023);
- IAS 8 Definition of Accounting Estimates (effective for periods beginning on or after 1 January 2023);
- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for periods beginning on or after 1 January 2023); and
- IAS 12 International Tax Reform – Pillar Two Model Rules (effective immediately).

These standards have not had a material impact on the entity in the current reporting period.

New and revised IFRSs in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 April 2024 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions:

- IAS 1 Classification of Liabilities as Current or Non-Current (effective for periods beginning on or after 1 January 2024);
- IFRS 16 Lease Liability in a Sale and Leaseback (effective for periods beginning on or after 1 January 2024);
- IAS 1 Non-current Liabilities with Covenants (effective for periods beginning on or after 1 January 2024);
- IAS 7 and IFRS 7 Supplier Finance Arrangements effective for periods beginning on or after 1 January 2024); and
- IAS 21 Lack of Exchangeability effective for periods beginning on or after 1 January 2025).

3. Material accounting policies

Basis of accounting

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared under the assumption that the Group operates on a going concern basis and on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at that time.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The Directors have prepared a cash flow forecast for the period from the balance sheet date until 30 September 2025. This forecast indicates that the Group would expect to remain cash positive without the requirement for further fundraising based on delivering the existing pipeline.

By the end of the period analysed, the Group is forecast to retain significant cash reserves. This should give the business sufficient funds to trade for the going concern period if the business continues according to its medium-term business plan.

The business continues in a cash outflow position, using funding generated from previous fundraises. As such, this cash flow forecast was stress-tested, both for a worst-case scenario of no receipts and inflationary pressures on utilities and purchases. In all the scenarios tested, the business would remain cash positive for the 12 months from the date of approval of these financial statements.

The accounts have therefore been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

Basis of consolidation continued

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company ceases to have control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of the subsidiaries is attributed to the owners of the Company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). The presentation currency for the consolidated financial statements is Pounds Sterling. The financial statements are presented in round thousands.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

The Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

- Separability of performance obligations – Note 5
- Non-recognition of deferred tax asset – Note 10
- Capitalisation and impairment of development costs – Note 13
- Inventory provisions – Note 16
- Contingent liability – Note 29

Sources of estimation uncertainty

The Directors have made the following estimates on the amounts recognised in the financial statements:

- Provisions – Note 22

5. Revenue, operating segments and income from government grants

Accounting policy:

Product sales

ITM Power undertakes sales of three main products (containerised plug and play systems, electrolyser units or stack and skid solutions) that involve manufacture followed by varying degrees of integration, installation and commissioning over a period of several months. Systems are quoted to customer as a single value or as individual units, stacks or skids. Both types of sale will be split into agreed payment milestones to facilitate cash flow. Performance obligations are identified according to the separability of the items being provided. Any ancillary requests, e.g. for training, will be treated as separate performance obligations if they can be separately identified and measured. The revenue value is also quoted separately.

Under IFRS 15, a performance obligation is satisfied over time if one of the following criteria is met:

a) the customer simultaneously receives and consumes the benefits provided by the seller's performance as the seller performs;

b) the seller's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

c) the seller's performance does not create an asset with an alternative use to the seller and the seller has an enforceable right to payment for performance completed to date.

Notes to the Consolidated Financial Statements continued

5. Revenue, operating segments and income from government grants continued

Accounting policy: continued

Product sales continued

Revenue from product sales, which do not meet the first two criteria, will therefore be treated differently depending on whether the product is standard or bespoke in reference to point (c) above:

- Bespoke contracts by their nature do not create an asset with an alternative use to the seller; some have traceability requirements attached to them that would prevent them being diverted during production whilst others are simply bespoke to the customer's requirements and therefore would not meet the needs of, or be easily converted for use on, another project. There is also an enforceable right to payment for performance completed to date if the contract is terminated by the customer for reasons other than ITM Power's failure to perform as promised. Revenues for bespoke contracts will therefore be recognised over time according to how much of the performance obligation has been satisfied. This is measured using the input method, comparing the extent of inputs towards satisfying the performance obligation with the expected total inputs required. Any changes in expectation are reflected in the total inputs figure as they become known. The progress percentage obtained is then applied to the revenue associated with that performance obligation. Management views this as a much more reliable measure of progress towards completion of the performance obligation than the output method as, despite contracting with milestone payments, these are not reliable measures of progress or value to the customer but instead have been designed to aid cash flow. Any differences between the revenues recognised and the milestone billings will result in contract assets/liabilities (shown as accrued or deferred income on the balance sheet).
- Most of our newer projects involve standard products. Revenue from standard products will be recognised at point in time, only when identified performance obligations for distinct goods or bundles of goods have been fulfilled and ownership of the goods has transferred, i.e. at the official handover of control of a working machine to the customer. This is due to the "transferability" of such products and their components up until handover, so the asset generated has an alternative use to the Group up until that point. Contracts will be reviewed at inception and with each variation or additional purchase order to ascertain when the performance obligation(s) will be met, e.g. following factory acceptance testing and notification of readiness for dispatch if the customer is collecting and installing the goods themselves or, if we are committed to more involvement with the installation on site, following site acceptance testing. In the meantime, income from progress billings and advances received from customers will be reflected in the balance sheet as contract liabilities (deferred income). Costs incurred on projects to date will not be included in the statement of comprehensive income but will be accumulated on the balance sheet as work in progress so long as they are considered recoverable and only transferred to cost of sales once the revenue applicable to those costs can be recognised in the accounts. Should costs exceed anticipated revenues, a provision will be recognised and the surplus costs expensed with immediate effect.

Revenue will be recognised net of any estimates for variable consideration, including any reduction for potential liquidated damages. Management use the expected value method to recognise only non-reversible revenues until the uncertainty of the variable consideration can be resolved. Although the initial creation of the provision is posted against cost of sales for loss-making contracts, upon recognition of revenue this "cost" will be moved up to net against revenue thus reducing the revenue recognised. If the provision is then used to make payment for liquidated damages, no further revenue will be recognised. However, if the liquidated damages provision is subsequently released, this will be posted to recognise the remaining revenue on the contract.

ITM Power supplies units with a standard 12-month warranty although some jurisdictions will require this to be adjusted to 24 months. This covers the equipment against any fault due to manufacturing defects. Any repairs made under this warranty will be completed free of charge. Where possible, diagnosis will be performed via remote connection to minimise the time and expense associated with travel to the site. The warranty period start date should be defined in the original contract but will usually reflect the date of official handover to the customer.

Unless an extended warranty is specifically purchased under the sales contract and thus, together with its maintenance obligations, creates a separate performance obligation under that contract, warranty provisions will continue to be treated under IAS 37 as they are by nature an assurance warranty (see Note 22).

Out-of-warranty repairs and part replacements will be charged to the customer. It should be noted that a maintenance contract is mandatory for the duration of the warranty period and will form a separate performance obligation. After the warranty period, it is recommended that a maintenance package is continued (see maintenance contracts below).

Maintenance contracts

Maintenance contracts typically involve two scheduled annual visits. Therefore, revenue is recognised in two instalments against the costs of those visits, i.e. when each performance obligation is met. However, where remote support forms part of the contract, revenue for this performance obligation will be recognised over time as the customer simultaneously receives and consumes the benefits of such a service, and criteria (a) under IFRS 15 is met as referred to above.

Ad hoc maintenance events where the customer requests additional aftersales services beyond the annual maintenance contract e.g. upgrades, are accounted at point in time when the system is handed back to the customer for their operation.

Consulting contracts

Larger systems, or those where the system will need to perform to new conditions, are sometimes preceded by a design study or a front-end engineering design (FEED) contract that defines solutions to customer specifications. Revenue will usually be recognised at point in time as performance obligations are met within the contract or on final completion of the contract if delivered as a whole.

Fuel sales or sales of scrap/spares

Sales are recognised immediately upon completion of the performance obligation, being the transfer of ownership of the goods.

Other sales

Other contractual revenues can include capacity reservation agreements, expired letters of intent etc. As in the case of all customer contracts, these will be reviewed to identify the performance obligations and their separability as well as the point in time when we are likely to have met the criteria for revenue recognition.

Grants

Government and other grants are included in other operating income in the period that the related expenditure is incurred, unless relating to property, plant and equipment when they are netted against the cost of the assets acquired on the balance sheet.

Grants have stage payments, which can include upfront payments to ITM Power. Where pre-finance has been received at the start of the grant and continues to exceed expenditure incurred to date, the surplus is shown as deferred income and is included in the consolidated balance sheet as a liability. When expenditure incurred to date exceeds receipts from the grant body, the surplus is shown as accrued income until such time that it can be claimed. Such balances are reviewed for recoverability, ensuring that the costs incurred met the conditions of the grant for recognition of grant income and such recognition of income does not exceed the maximum value of the award.

In specific instances where grant income subsidises a sale, grant income will come to be shown alongside the revenue and costs of sale as "grant income against direct costs" in profit and loss.

Notes to the Consolidated Financial Statements continued

5. Revenue, operating segments and income from government grants continued

Judgement:
Each contract is assessed to identify its distinct performance obligations and their separability from other performance obligations within the contract. This means that goods or services that are inter-related will be bundled to create a single performance obligation. More specifically, Management judgement is required to determine whether goods and the services related to their commissioning are distinct, or which goods make up a single "working unit" for delivery to the customer. In the current year, separability has also been considered in order to recognise £1.3m of other contractual revenue.

	2024		2023	
Disaggregated revenue recognised	£000	£000	£000	£000
Revenue from product sales recognised over time		75		–
Revenue from product sales recognised at point in time		8,144		4,099
Consulting contracts recognised at point in time		5,040		636
Maintenance contracts recognised at point in time		1,498		250
Fuel sales		216		244
Other		1,536		–
Revenue in the Consolidated Income Statement		**16,509**		5,229
Grant income (claims made for projects)	401		155	
Other government grants (R&D claims)	827		1,419	
Other income – government grants		1,228		1,574
		17,737		6,803

All revenues are derived from continuing operations.

The "Other" category includes contractual revenues recognised at point in time but not classified elsewhere as not involving the transfer of goods or the completion of maintenance or consultancy services.

At 30 April 2024, the aggregate amount of the transaction price allocated to remaining performance obligations of continuing build contracts was £79.7m (2023: £87.7m). The Group expects to recognise 24% of this within one year, with the remaining 76% expected after one year.

Segment information
ITM Power PLC is organised internally to report to the Group's Chief Operating Decision Maker, the Chief Executive Officer, on the financial and operational performance of the Group as a whole. The Group's Chief Operating Decision Maker is ultimately responsible for Group-wide resource allocation decisions, evaluating performance on a Group-wide basis and any elements within it on a combination of information from the executives in charge of the Group and Group financial information.

Management has previously identified three target markets for our products (Power, Transport, and Industry). Revenue reporting looks at these three sectors to assess the commerciality of those sales. However, decisions for resourcing cannot be made by reference to these as segments. The Group operates a single factory in the UK that builds units for use across all sectors. It would be hard to assign overhead costs to particular product segments as builds all occur in that one facility and can run concurrently. Similarly, fixed assets and suppliers' balances cannot be assigned to the production of one specific segment. For overhead costs and net asset resources, therefore, decisions are taken on a Group basis.

An analysis of the Group's revenue, by major product (or customer group), is as follows:

	2024 £000	2023 £000
Power	253	126
Transport	2,764	2,717
Industry	7,275	1,750
Other	6,217	636
Revenue in the Consolidated Income Statement	**16,509**	5,229

The "Other" category contains consultancy values that cannot be allocated to a single product group.

Geographical analysis
The United Kingdom is the Group's country of domicile but the Group also has subsidiary companies in the United States, Germany and Australia. All non-current tangible assets were domiciled in the United Kingdom (NBV: £29.1m) or Germany (NBV: £0.27m). All intangible assets were domiciled in the United Kingdom. Revenues have been generated as follows:

	2024 £000	2023 £000
United Kingdom	5,900	699
Germany	6,028	1,750
Austria	1,659	–
Rest of Europe	996	188
United States	216	244
Australia	1,710	2,348
	16,509	5,229

Included in revenue are the following amounts, which each accounted for more than 10% of total revenue:

		2024 £000	2023 £000
Customer A	Industrial	n/a	1,750
Customer B	Other	4,490	636
Customer C	Chemical	3,121	n/a
Customer D	Refuelling	<10%	2,348
Customer E	Chemical	1,659	n/a

Notes to the Consolidated Financial Statements continued

6. Material Items in Profit and Loss

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group:

	2024 £000	2023 £000
Depreciation of property, plant and equipment	**2,962**	2,273
Depreciation of right of use assets	**1,046**	733
Amortisation of intangible assets	**1,921**	942
Impairment of tangible assets	**–**	1,381
Impairment of intangible assets	**1,417**	3,088
Charge for/ (reversal of) expected credit loss	**176**	(7)
Loss on disposal of property, plant and equipment	**126**	64
Loss on disposal of Motive	**331**	–
Movement on obsolete inventory provision	**2,278**	16,893

Whilst costs have been shown on the income statement by function, the following table shows costs grouped by nature:

	2024 £000	2023 £000
Direct costs		
Manufacturing costs	**23,876**	26,483
Labour	**7,354**	3,887
Other bought-in items	**4,101**	2,779
Contract provisions	**(2,158)**	51,145
Total direct costs	**33,173**	84,294

	2024 £000	2023 £000
Administrative expenses		
Staff and employment costs	**13,845**	11,449
Consultancy and consumables	**2,544**	5,070
Building overheads	**1,441**	1,283
Depreciation (see Note 15)	**789**	3,006
Amortisation	**1,921**	942
Loss on disposal of non-current assets	**126**	64
Impairment	**1,417**	4,469
Other	**492**	(61)
Total administrative expenses	**22,575**	26,222

Calculation of Adjusted EBITDA

In reporting EBITDA, Management uses the metric of adjusted EBITDA, removing the effect of non-repeating costs that are not directly linked to the trading performance of the business in the year under review:

	2024 £000	2023 £000
Loss from operations	**(38,011)**	(103,713)
Add back:		
Depreciation	**4,008**	3,006
Amortisation	**1,921**	942
Loss on disposal of non-current assets	**126**	64
Impairment	**1,417**	4,469
Non-underlying share-based payment charge/(credit) (Note 25)	**149**	(420)
Exceptional costs of restructure	**–**	1,436
	(30,390)	(94,216)

The exceptional costs of restructure refer to redundancy costs in the prior year that largely sit within the staff costs in administrative expenses. Management removed these in the adjusted EBITDA calculation due to their one-off nature that would otherwise distort the true operational figures.

Management uses Adjusted EBITDA as an alternative performance measure (APM) as it allows better monitoring of the operations. Notwithstanding, Management recognises the limitations of APMs as it may not allow industry-wide comparison, and includes removing the effect of certain annual changes such as share-based payments, identified above.

7. Auditor's remuneration

The following amounts were payable to the Group's auditor and have been charged within the loss before tax:

	2024 £000	2023 £000
Fees payable to the Company's auditor for		
– The audit of the Company's annual accounts	**249**	206
– The audit of the Company's subsidiaries pursuant to legislation	**50**	41
Total audit fees	**299**	247
Other services pursuant to legislation		
– Interim agreed upon procedures/review work (audit-related services)	**37**	40
Total non-audit fees	**37**	40

Notes to the Consolidated Financial Statements continued

8. Employee benefits expenses

Monthly average number of persons employed	2024 Number	2023 Number
– Research and development	**73**	107
– Production and engineering	**194**	224
– Sales and marketing	**18**	24
– Administration	**45**	60
	330	415

Staff costs during the year (including all key management personnel)	2024 £000	2023 £000
Wages and salaries	**17,194**	20,776
Social security costs	**2,033**	2,877
Other pension costs	**1,804**	1,950
Share-based payment expense	**149**	(1,614)
	21,180	23,989
Less: staff costs capitalised	**(9,098)**	(10,485)
Staff costs expensed in the year	**12,082**	13,504

In the above, capitalised staff costs relates to costs that have been recognised on the balance sheet. This may arise upon capitalisation of fixed or intangible assets or in the creation of inventory work in progress.

The Group operates a defined contribution pension scheme, which is charged to the income statement as incurred. Any contributions unpaid at the balance sheet date are included within accruals. As at 30 April 2024 pension contributions of £156,000 (2023: £155,000) due in respect of the current year had not been paid over to the scheme. These were paid over in the following month and within statutory deadlines.

9. Finance income and costs

	2024		2023	
	£000	£000	£000	£000
Finance income				
Interest received on cash deposits		**12,219**		4,652
Finance cost				
Interest paid	**(54)**		(55)	
Lease liability interest paid	**(589)**		(486)	
		(643)		(541)
Net finance income		**11,576**		4,111

10. Tax

Accounting policy:

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. The resulting tax charge, where applicable, is shown within the tax line of the income statement.

Research and development tax credits are recognised on an accruals basis, and are reported in the income statement. By their nature, they are similar to grant funding and are presented amongst other income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Judgement:

The Group has accumulated tax losses, for which we could have recognised a deferred tax asset. Instead, Management continues to believe that there is insufficient evidence of probable future taxable profits against which to offset such losses and therefore has decided not to recognise the asset in these financial statements. This will continue to be monitored as we review our forecasts for the months/years ahead.

Current taxation	2024 £000	2023 £000
Corporation tax charge in the year	**113**	26
Corporation tax charge relating to prior years	**54**	6
	167	32

Corporation tax is calculated at 25% (2023: 25%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the Consolidated Financial Statements continued

10. Tax continued

Judgement: continued

The charge for the year can be reconciled to the income statement as follows:

	2024 £000	2023 £000
Loss before tax	**(27,057)**	(101,169)
Tax on loss at 25%	**(6,764)**	(25,292)
Factors affecting the charge for the year:		
Expenses/(credits) not deductible for tax purposes	**290**	(17)
Fixed asset differences	**813**	763
Tax charge on current year RDEC claim	**113**	26
Adjustments in respect of prior years	**54**	6
Unrelieved tax losses carried forward	**5,661**	24,546
Tax charge for the year	**167**	32

Factors affecting future tax charges

The Group has tax losses of approximately £232.9m (2023: £210.3m) available to carry forward against future taxable profits, subject to agreement with HM Revenue & Customs. Deferred tax would have been calculated at a rate of 25% following substantive enactment in May 2021. However, a deferred tax asset has not been recognised as it is not yet probable that there will be sufficient future taxable profit to utilise the tax benefit.

11. Loss per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2024 £000	2023 £000
Loss for the purposes of basic and diluted loss per share being net loss attributable to owners of the Company	**(27,224)**	(101,201)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**616,743,434**	614,683,780
Loss per share	**4.4p**	16.5p

The loss per ordinary share and diluted loss per share are equal because share options are only included in the calculation of diluted earnings per share if their issue would decrease the net profit per share. The number of potentially dilutive shares not included in the calculation above due to being anti-dilutive in the years presented was 6,582,037 (2023: 5,999,019).

12. Investments in associates and joint ventures

ITM Linde Electrolysis GmbH (ILE) is incorporated in Germany, with registered office: Bodenbacher Str. 80, 01277 Dresden, Germany. Interest in ILE is split 50:50 with Linde Engineering GmbH, although control is deemed to lie with Linde for the purposes of consolidation as it appoints the Managing Director. ITM Power has significant influence in ILE due to its representation on the company's board of directors.

As such, the investment was an equity-accounted investment in associate, initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the investee entity. However, during the current financial year, it was decided that ILE would honour its ongoing contracts but would not take on any further work.

Investment in associate	2024 £000	2023 £000
ITM Linde Electrolysis GmbH (associate)	**53**	379

Below we provide information regarding the performance of the investment in associate within the year:

ITM Linde Electrolysis GmbH	2024 £000	2023 £000
Cost brought forward	**379**	60
Additions	**–**	439
Foreign exchange	**(35)**	33
50% share of loss recognised in the year and other write down	**(291)**	(153)
	53	379

Key financial data of ILE:

	30 April 2024 £000	30 April 2023 £000
Non-current assets	**–**	7
Current assets	**7,435**	8,314
Current liabilities	**(7,329)**	(7,689)
Revenue	**618**	1,356
Loss from operations	**(479)**	(308)

Balance sheet figures were translated from Euros using the year-end exchange rate of 1.17 (2023: 1.14). Revenue and loss figures were translated using an average exchange rate of 1.16 (2023: 1.15).

During the year, ITM Power continued to pay for the hosting of ILE's website. Invoices for progress billings of £0.2m were raised to ILE with £Nil outstanding at year end.

Notes to the Consolidated Financial Statements continued

13. Intangible assets

Accounting policy:

Software
Software purchased from external companies has been recognised at cost under the heading of intangible assets. Amortisation is charged so as to write off the cost of assets over an estimated useful life of three years (in line with the Group policy for computer equipment), using the straight-line method. This is recognised in administrative expenses.

Internally generated intangible assets – development costs and know-how
The Group undertakes a number of internal projects for the advancement of our core technology, the design of our standard products and improved efficiencies around our business. These will be timebound and involve specific groups of staff. As such, time and costs can be tracked through our reporting and accounting systems.

Expenditure on research activities is recognised as an expense in the period in which it is incurred, except where the costs of activities are considered development for the purposes of capitalising development costs per the criteria laid out in IAS 38 Intangible Assets.

Once completed, development costs transfer into the category of know-how. As these assets form the basis of the Group's product range, amortisation is recognised on a straight-line basis in administrative expenses over their useful lives, considered to be four years, in line with expected product life cycles.

Each asset is assessed on an annual basis to ensure that it still meets the criteria and continues to contribute to the Group's products. If not, an impairment will be recognised.

The recoverable amount of each asset (or cash-generating unit) is estimated to determine the extent of the impairment loss. The recoverable amounts of non-current assets are derived from the higher of fair value less costs to sell and value-in-use calculations. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the group of units.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is also recognised immediately in administrative expenses.

Judgement:
Management must decide at what point efforts become development work that will result in future economic benefits to the Group and thus, meet the criteria for capitalisation. There is also judgement to be made as to when costs should cease to be capitalised and the asset amortised, especially on phased projects of continual improvement to our core technology.

During the year, Management reconsidered the focus of our development work and the recoverability of our internally generated intangible assets. This led to the impairment of projects that would no longer benefit the Group's new direction for product sales. Assets were identified where the Group would no longer obtain future benefit from their completion i.e. the carrying amount would no longer be supported by a recoverable amount based on related future cash flows, with the result that £1.1m was impaired.

For the remaining assets, Management considered fair value less costs to sell based on an adjusted market capitalisation of the Group. Given that the assets held make up the intellectual property that is key to potential future revenue generation of the Group and are thus intrinsic to its valuation, no further impairment was deemed necessary.

	Software £000	Know-how £000	Development costs £000	Total £000
Cost at 1 May 2022	367	3,106	7,113	10,586
Transfers	—	2,132	(2,132)	—
Additions	—	—	6,562	6,562
Disposals	(16)	—	—	(16)
Grant received	—	—	(124)	(124)
Cost at 1 May 2023	351	5,238	11,419	17,008
Transfers	**—**	**8,207**	**(8,207)**	**—**
Additions	**107**	**—**	**1,930**	**2,037**
Disposals	**(42)**	**(975)**	**—**	**(1,017)**
Grant received	**—**	**—**	**—**	**—**
Cost at 30 April 2024	**416**	**12,470**	**5,142**	**18,028**
Amortisation at 1 May 2022	167	1,338	—	1,505
Charge for the year	80	862	—	942
Impairment	—	—	3,088	3,088
Disposals	(2)	—	—	(2)
Amortisation at 1 May 2023	245	2,200	3,088	5,533
Charge for the year	**94**	**1,827**	**—**	**1,921**
Impairment	**—**	**1,134**	**283**	**1,417**
Disposals	**(42)**	**(975)**	**—**	**(1,017)**
Amortisation at 30 April 2024	**297**	**4,186**	**3,371**	**7,854**
Carrying amount at 30 April 2024	**119**	**8,284**	**1,771**	**10,174**
Carrying amount at 30 April 2023	106	3,038	8,331	11,475

During the year we continued to analyse the associated materials and develop the processes that would enhance the efficiency of our stack production. This has created additions of £0.9m. The remaining additions were for design of both our current and future products.

Disposals refers to fully written down Know-how that has been cleared down as relating to old technology. There have been no sales of these intangible assets.

Research and non-capitalised development costs totalled £2.6m (2023: £1.1m) and were expensed through the income statement.

14. Right of use assets

Accounting policy:
At inception of a leasing contract, the Group assesses whether it conveys the right to control the use of an identified asset — and obtain substantially all of the economic benefits from use of the asset — for a period of time in exchange for consideration. In this instance the Group recognises a right of use asset and a lease liability at the lease commencement date.

Right of use assets are recognised at the total value of the lease payments (i.e. initial measurement of the lease liability) plus any deposit or lease payments made at or before the commencement date, less any lease incentives.

Notes to the Consolidated Financial Statements continued

14. Right of use assets continued

Accounting policy: continued

The Group creates a separate asset under leasehold improvements for any dilapidations costs to restore a property to the condition required by the landlord at the end of the lease.

An adjustment to cost will be recognised when there is a change in the future lease payments e.g. rent review or lease extension.

Depreciation of right of use assets is recognised over their lease term. During the year £0.9m was charged through cost of sales and £0.1m was charged through administrative expenses.

	Leasehold property £000	Leased vehicles £000	Office equipment £000	Total £000
Cost at 1 May 2022	7,827	242	56	8,125
Additions	1,286	1	24	1,311
Adjustments	(96)	—	—	(96)
Disposals	—	(37)	—	(37)
Cost at 1 May 2023	9,017	206	80	9,303
Additions	**6,368**	**121**	**8**	**6,497**
Adjustments	**(48)**	**—**	**—**	**(48)**
Disposals	**(831)**	**(152)**	**—**	**(983)**
Cost at 30 April 2024	**14,506**	**175**	**88**	**14,769**
Depreciation at 1 May 2022	1,546	114	11	1,671
Charge for the year	653	60	20	733
Disposals	—	(35)	—	(35)
Depreciation at 1 May 2023	2,199	139	31	2,369
Charge for the year	**975**	**58**	**13**	**1,046**
Disposals	**(770)**	**(126)**	**—**	**(896)**
Depreciation at 30 April 2024	**2,404**	**71**	**44**	**2,519**
Net book value at 30 April 2024	**12,102**	**104**	**44**	**12,250**
Net book value at 30 April 2023	6,818	67	49	6,934

During the year the Group took on the lease of Unit 3 Bessemer Park and renewed the lease on another UK property. The Group currently holds right of use assets in both the UK (four properties, seven vehicles and office equipment at one site) and Germany (one property, four vehicles and office equipment).

15. Property, plant and equipment

Accounting policy:

Leasehold improvements, laboratory and test equipment, production plant and equipment, computer equipment and office furniture and fittings are stated at cost less accumulated depreciation and any recognised impairment loss.

Assets in the course of construction are carried at cost, less any recognised impairment loss following annual review. Depreciation of these assets commences only when the assets are transferred to the relevant main category ready for their intended use. During the year, they were considered within our asset impairment review but no impairment was deemed necessary.

Depreciation is charged through the income statement so as to write off the cost of assets, other than land and assets under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Category	Period
Laboratory and test equipment	5 to 8 years
Production plant and equipment	5 to 8 years
Computer equipment	3 years
Office furniture and fittings	10 years
Leasehold improvements	10 years or lease term

During the year, £0.7m was charged through administrative expenses and £2.3m was charged through cost of sales.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is also recognised in administrative expenses on the income statement.

	Production plant and equipment £000	Laboratory and test equipment £000	Computer equipment £000	Office furniture and fittings £000	Leasehold improvements £000	Assets in the course of construction £000	Total £000
Cost at 1 May 2022	4,326	2,653	1,425	516	13,116	1,647	23,683
Additions	2,441	99	131	38	239	5,605	8,553
Transfers	1,913	—	1	—	467	(2,381)	—
Disposals	—	—	(26)	(1)	(38)	—	(65)
Foreign exchange	1	—	1	—	1	—	3
Cost at 1 May 2023	8,681	2,752	1,532	553	13,785	4,871	32,174
Additions	**3,219**	**99**	**25**	**105**	**133**	**8,386**	**11,967**
Transfers	**3,256**	**143**	**23**	**—**	**710**	**(4,132)**	**—**
Disposals	**(1,360)**	**(93)**	**(122)**	**—**	**(552)**	**—**	**(2,127)**
Foreign exchange	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Cost at 30 April 2024	**13,796**	**2,901**	**1,458**	**658**	**14,076**	**9,125**	**42,014**
Depreciation at 1 May 2022	2,468	1,914	840	145	2,679	—	8,046
Disposals	—	—	(10)	—	(4)	—	(14)
Charge for the year	680	174	332	49	1,038	—	2,273
Impairment	—	—	—	—	—	1,381	1,381
Foreign exchange	—	—	(1)	—	—	—	(1)
Depreciation at 1 May 2023	3,148	2,088	1,161	194	3,713	1,381	11,685
Disposals	**(1,301)**	**(93)**	**(123)**	**—**	**(512)**	**—**	**(2,029)**
Charge for the year	**1,465**	**196**	**263**	**63**	**975**	**—**	**2,962**
Foreign exchange	**(1)**	**—**	**—**	**(1)**	**—**	**—**	**(2)**
Depreciation at 30 April 2024	**3,311**	**2,191**	**1,301**	**256**	**4,176**	**1,381**	**12,616**
Net book value at 30 April 2024	**10,485**	**710**	**157**	**402**	**9,900**	**7,744**	**29,398**
Net book value at 30 April 2023	5,533	664	371	359	10,072	3,490	20,489

Notes to the Consolidated Financial Statements continued

16. Inventories

Accounting policy:

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the standard cost method. Net realisable value represents the estimated selling price less all estimated costs of completion.

Inventory obsolescence

It is recognised that parts can be held in the business for a number of reasons, not least the contractual requirements of our warranty and aftersales provisions. Stocked items are therefore classified into four different categories: those actively in use in our bills of material, those that can be used for product development work, discontinued items that may not be part of active bills of material but still have demand through maintenance and aftersales work on legacy equipment, and finally redundant parts. The first three categories still hold value for the business and will be maintained at cost, whilst redundant inventory will be fully written down. The provision can be further refined, for example if the discontinued category begins to exceed contractual obligations a provision would be made against the surplus items.

Judgement:

Both the categorisation of inventory and the recognition of excess inventory require management judgement.

A further judgement by Management is the assessment of likelihood of obsolescence. Following specific scrap provisions, the value of inventory held in development or discontinued categories was £7.3m. Management has reviewed these listings and has assessed that the inventory held continues to have a use in the business and is therefore not redundant.

In the current year, there was provision for £2.6m of redundant inventory and £1.8m of discontinued inventory as holdings for aftersales or R&D purposes were running at a surplus.

Inventories held	**2024 £000**	2023 £000
Raw materials	**10,257**	18,308
Work in progress	**60,160**	40,532
	70,417	58,840

Included in work in progress is inventory that has yet to be assigned to a specific contract. If not assigned to a specific contract, inventory is tested for obsolescence and net realisable value (NRV) and a provision is created against such non-contract stock where necessary. Inventories have been stated after a provision for impairment of obsolete inventory of £23.6m (2023: £17.8m).

At the point that the work in progress is assigned to a contract, and it is loss-making, the work in progress will be reduced to recoverable value, which will be offset by an equal and opposite reduction in the contract loss provision. Inventory has increased as contract sizes have increased and we are also building to inventory when possible.

The total cost of inventories recognised as an expense through the income statement was £18.6m (2023: £23.3m).

17. Contract balances and performance obligations

Contract revenue recognised through release from deferred income was £5.2m (2023: £3.6m).

Contracts with customers in progress at the balance sheet date	**2024 £000**	2023 £000
Amounts due from contract customers included in trade and other receivables	**14,659**	2,195
Contract assets (accrued income)	**2,133**	839
Contract liabilities (deferred income)	**(51,811)**	(31,365)
Balance sheet position of sales contracts	**(35,019)**	(28,331)

The contract position will change according to the number or size of contracts in progress at the year end as well as the status of payment milestones towards those contracts. The Group will continue to structure payment milestones to cover the upfront costs of materials for cash flow purposes. The variance between these and the performance obligations for revenue recognition under IFRS 15 (typically acceptance of the product by the customer – whether at factory or at site – for all standard products) will cause increasing values to remain in deferred income for longer.

18. Trade and other receivables

Accounting policy:

Trade and other receivables are recognised at fair value and subsequently measured at either amortised cost or fair value through profit and loss depending on their contractual characteristics.

Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk in trade receivables and contract assets (accrued sales income). For trade receivables only, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. An analysis of historical default amongst our trade receivables was conducted and showed that less than 1% of sales over several years have resulted in default. The Group continues to trade with large entities with good credit scores but trading data is monitored annually to ensure that there are no significant changes to this percentage.

	2024		2023	
	£000	**£000**	£000	£000
Trade receivables	**16,252**		2,591	
Impairment for credit risk	**(230)**		(52)	
Total trade receivables		**16,022**		2,539
Restricted cash balances		**757**		774
Other receivables		**4,768**		3,091
R&D relief claims receivable		**1,345**		1,813
Prepayments		**2,172**		7,879
Amounts recoverable from employees		**105**		20
Accrued sales income		**2,133**		839
Accrued grant income		**1,439**		2,702
		28,741		19,657

Notes to the Consolidated Financial Statements continued

18. Trade and other receivables continued

Accounting policy: continued

Impairment continued

Prepayments include £1.3m (2023: £7.3m) paid upfront by way of pro forma and stage payments to suppliers for the long lead time items required on our build projects.

Amounts recoverable from employees includes the Employer's NIC on share options where, under the terms of the offer, staff will cover this cost upon exercise and other payroll benefits that involve up-front payment by the company before recovery from the employee.

Other receivables include indirect taxes reclaimable by the Group.

Restricted cash balances relates to cash cover for a bank guarantee relating to a refund of Italian VAT.

Trade receivables are measured at amortised cost. Their ageing is analysed as follows:

	2024 £000	2023 £000
Less than 30 days	**15,397**	390
31-60 days	**–**	1,318
61-90 days	**–**	–
Greater than 91 days	**855**	883
	16,252	2,591

With reference to the highest trade receivable balance at the year end, the Group had a debtor concentration of 58% (2023: 29%).

Movement in expected credit loss

	2024 £000	2023 £000
Brought forward balance at 1 May	**52**	60
Impairment losses recognised	**30**	19
Movement on credit risk provision	**148**	(27)
Balance at 30 April	**230**	52

Our payment terms with customers are generally 30 to 60 days so items falling beyond those terms are chased up and monitored for potential default. A specific expected credit loss may arise.

The movement on the expected credit loss provision in the year recognises a potential loss of 1% on the Group's trade receivable and accrued sales income balances.

19. Cash and cash equivalents

Accounting policy:

Cash and cash equivalents comprise cash in hand and on demand deposits, as well as other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

	2024 £000	2023 £000
Cash and cash equivalents	**230,348**	282,557

The Directors consider that the carrying amount of these assets approximates to their fair value.

20. Assets held for sale

Accounting policy:

In line with IFRS 5, non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Financial assets will continue to be measured in accordance with the Group's relevant accounting policy for those assets.

In the prior year, both the investment in Motive and the loan notes associated with that entity were moved to this category. The carrying amount of the investment reflected its cost less share the entity's loss. This had reduced the asset considerably so the balance was deemed to represent the lower of the two measurement options for recognition of the held for sale asset. Upon announcement, we ceased to recognise any further losses against it. The loan notes continued to be recognised with the interest they accrued and net of a lifetime expected credit loss amount in line with IFRS 9.

	2024 £000	2023 £000
Assets held for sale	**–**	1,814
	–	1,814

The sale of Motive to a third party was concluded on 19 October 2023 for a sum of £1.5m. This has led to a loss on disposal of £0.3m through the income statement in the current year.

21. Trade and other payables

Accounting policy:

Trade and other payables are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. These financial liabilities are recorded initially at fair value and subsequently measured at amortised cost. A financial liability is derecognised only when the obligation is discharged, cancelled or expires.

	2024 £000	2023 £000
Trade payables	**8,818**	4,450
Other taxation and social security	**636**	921
Accruals	**3,412**	3,049
Deferred sales income	**51,811**	31,365
Deferred grant income	**3,613**	6,296
	68,290	46,081

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

As discussed in Note 17, the increase in deferred sales income is due to the move away from bespoke projects where revenue was recognised over time, to standard products with revenue recognition at point in time.

Notes to the Consolidated Financial Statements continued

22. Provisions

Accounting policy:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation, and that a reliable estimate can be made of the amount of that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

Estimation uncertainty:

Management has particularly considered the following in relation to key estimates:

Warranty provisions are based on management's current best estimate of the potential costs involved in diagnosing and correcting faults and the likelihood of such faults occurring during the warranty period. These assumptions are built upon our ongoing assessment of the performance of our products and their components both in the field and in our testing facilities. They are reviewed and revised as more information becomes available. If it becomes known that additional work is required, then the provision is extended. Risks around this judgement are high given the limited data ITM Power has available, and the potentially large values involved in making warranty repairs, particularly if stack components require replacement. The assumptions made for the warranty provision are based on field data from older generation stacks, adjusted to take account of product improvements that have been implemented since the older generation stacks were built. However, should the new generation stacks currently in production deliver none of these forecasted improvements then warranty obligations may cost approximately a further £15.2m for the projects installed or contracted at year end, which would be charged to the income statement, and split across provisions for warranty or contract loss depending on whether the plant had achieved handover to a customer. Other variables include timing and efficiency of planned process optimisations, recoverability of parts and precious metals, visits and delivery costs to site, and whether any efficiencies can be found from resolving more than one issue per visit.

A provision for onerous contracts (contract losses) has been recognised in line with the requirements of IAS 37, given the expected costs to complete projects exceeding the headroom in contracted sales values. Cost forecasts produced by project managers are monitored on a monthly basis to ensure that such potential losses are recognised immediately in the accounts. As quotes are finalised with suppliers these estimates may fluctuate but the provision will be adjusted accordingly and ultimately used to offset the future costs of the project as it nears completion. Furthermore, the Group uses software to track the risks and opportunities of each project. This gives a potential cost and risk rating for active risks and has been reviewed by management at year end to determine if any additional contingency should be recognised on projects. All projected costs reflect the current technology and production processes currently implemented in the business. A sensitivity analysis was performed on the current provision and future forecast costs. If forecasted costs were to increase by 10%, the provision would need to increase by £9.4m (2023: £6.4m).

	Leasehold property provision £000	Warranty £000	Provision for contract losses £000	Other provisions £000	Employer's NIC provision £000	Total provisions £000
Balance at 1 May 2022	(854)	(2,938)	(12,493)	(1,330)	(4,153)	(21,768)
Provision created in the year	(42)	(3,219)	(44,810)	(4,059)	—	(52,130)
Use of the provision	—	2,303	14,673		1,615	18,591
Release in the year	—	—	—	63	2,323	2, 386
Balance at 1 May 2023	(896)	(3,854)	(42,630)	(5,326)	(215)	(52,921)
Provision created in the year	**(213)**	**(344)**	**(10,734)**	**(4,524)**	**(261)**	**(16,076)**
Use of the provision	**–**	**–**	**27,695**	**–**	**71**	**27,766**
Release in the year	**–**	**767**	**5,817**	**2,578**	**–**	**9,162**
Balance at 30 April 2024	**(1,109)**	**(3,431)**	**(19,852)**	**(7,272)**	**(405)**	**(32,069)**
In the balance sheet:						
Expected within 12 months (current)	**–**	**(452)**	**(3,152)**	**(6,086)**	**(405)**	**(10,095)**
Expected after 12 months (non-current)	**(1,109)**	**(2,979)**	**(16,700)**	**(1,186)**	**–**	**(21,974)**

The leasehold property provision represents management's best estimate for the dilapidations work that may be required to return our leased buildings to the landlords at the end of the lease term. In a prior year we recognised a dilapidations provision for the present value of the cost of works quoted by our Employer's Agent for stripping our current factory building back to the original condition at handover from the landlords. The discounting will continue to amortise over the remaining 12 years of the lease. Although we have taken on the lease of the unit next door in the current year, no provision for dilapidations has yet been recognised; this is due to work having yet to be undertaken for the fit-out of the unit.

The warranty provision represents management's best estimate of the Group's liability under warranties granted on products, based on knowledge of the products and their components gained both through internal testing and monitoring of equipment in the field. As with any product warranty, there is an inherent uncertainty around the likelihood and timing of a fault occurring that would trigger further work or part replacement. Warranties are usually granted for a period of one year, although two-year warranties are the standard within some jurisdictions.

The provision for contract losses is created when it becomes known that a commercial contract has become onerous. The provision is based on best estimates and information known at the time to ensure the expected losses are recognised immediately through profit and loss. The effects of discounting on non-current balances were not deemed to be material. The increase on the provision in the current year is due to a number of factors including changes of scope to projects, additional on-site engineering works, increased energy and labour costs due to extended stack testing times and updating costs for the effects of inflation since the original quote to the customer. The increase in the year is allocated against three projects. This provision will be used to offset the costs of the project as it reaches completion in future periods. Contract loss provisions are recognised as greater than one year based on the expected completion of the contract.

Provision is also made at the point when project forecasts suggest that the contractual clauses for liquidated damages might be triggered. The other provisions category relates to potential liquidated damages for late delivery on contracts with customers. It also includes amounts payable to contracted parties for potential non-performance on contracts.

There is a provision for Employer's NIC due on share options as they exercise.

23. Lease liability

Accounting policy:

At inception of a contract, the Group assesses whether it conveys the right to control the use of an identified asset – and obtain substantially all of the economic benefits from use of the asset – for a period of time in exchange for consideration. In this instance the contract should be accounted as a lease.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is recognised at cost and is subsequently depreciated using the straight-line method over the lease term.

The lease liability is initially measured at the present value of the lease payments and discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Group's incremental borrowing rate or best estimate of the same. The lease liability continues to be measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset.

The interest charge appears with other interest at the bottom of the income statement and is the only value described above that affects profit or loss. Each liability is matched by a corresponding right of use asset, upon which depreciation is also charged to the income statement (see Note 14). The two amounts together replace the previous accounting treatment of expensing rental payments.

The Group has elected not to recognise right of use assets and lease liabilities for leases of less than 12 months and leases of low-value assets. These largely relate to short-term rentals of equipment to undertake our field activities. The Group recognises the lease payments associated with these leases, together with any property service charges and storage fees, as an expense on a straight-line basis over the lease term.

The following table describes the types of right of use asset owned by the Group and shows the movements on lease liabilities within the year:

2024	**Leasehold property £000**	**Office equipment £000**	**Motor vehicles £000**	**Total £000**
Brought forward at 1 May 2023	7,712	52	45	7,809
Adjustments	**(18)**	**–**	**5**	**(13)**
Additions	**5,847**	**8**	**111**	**5,966**
Interest applied	**584**	**3**	**3**	**590**
Payments made	**(1,567)**	**(19)**	**(62)**	**(1,648)**
At 30 April 2024	**12,558**	**44**	**102**	**12,704**
Split:				
Within 1 year	**1,508**	**20**	**44**	**1,572**
2-5 years (inclusive)	**5,963**	**29**	**63**	**6,055**
Over 5 years	**11,075**	**–**	**–**	**11,075**
Less:				
Future finance charges	**(5,988)**	**(5)**	**(5)**	**(5,998)**
Present value of lease obligations	**12,558**	**44**	**102**	**12,704**
In the balance sheet:				
Due within 12 months (current)	**616**	**17**	**45**	**678**
Due after 12 months (non-current)	**11,942**	**27**	**57**	**12,026**

2023	Leasehold property £000	Office equipment £000	Motor vehicles £000	Total £000
Brought forward at 1 May 2022	7,006	44	98	7,148
Adjustments	(88)	–	–	(88)
Additions	1,256	24	–	1,280
Interest applied	480	4	3	487
Payments made	(942)	(20)	(56)	(1,018)
At 30 April 2023	7,712	52	45	7,809
Split:				
Within 1 year	1,407	18	39	1,464
2-5 years (inclusive)	3,923	40	8	3,971
Over 5 years	5,688	–	–	5,688
Less:				
Future finance charges	(3,306)	(6)	(2)	(3,314)
Present value of lease obligations	7,712	52	45	7,809
In the balance sheet:				
Due within 12 months (current)	890	15	38	943
Due after 12 months (non-current)	6,822	37	7	6,866

During the year the Group entered into a lease for Unit 3 Bessemer Park and renewed the lease on another UK building.

Adjustments refers to foreign exchange movements and contracts that have changed their length of duration or their value during the year, e.g. following a rent review or a change in decision regarding potential break clauses. Currently, we are recognising all leases at their full term.

Total lease payments for capitalised leases and short-term leases were £2.3m (2023: £2.4m).

Notes to the Consolidated Financial Statements continued

24. Called up share capital and reserves

Accounting policy:
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Called up, allotted and fully paid (ordinary shares of 5p each)	Number of shares	£000
At 1 May 2023	616,465,655	30,823
Share options exercised	513,668	26
At 30 April 2024	**616,979,323**	**30,849**

Holders of ordinary shares have voting rights at General Meetings in proportion with their shareholding.

The share premium account represents the amount paid in excess of the nominal value when shares are issued.

The merger reserve arose on the acquisition of ITM Power (Research) Limited in 2004.

The foreign exchange reserve arises upon consolidation of the foreign subsidiaries in the Group, and accounts for the difference created by translation of the income statement at average rate compared with the year-end rate used on the balance sheet as well as the effect of the change in exchange rates on opening and closing balances.

The Group's other reserve is retained earnings which represents cumulative profits or losses, net of any dividends paid and other adjustments.

25. Share-based payments

Accounting policy:
The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed in profit or loss on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The Group also recognises a provision for Employer's NIC that becomes payable on the exercise of share options granted under the Group's non-tax advantaged share plans, to the extent that the liability has not been transferred to the employees. Where a liability is due, the provision has been calculated using the intrinsic value of the share option which is the difference between the Group's share price at the balance sheet date and the exercise price. The actual amount of Employer's NIC that will be payable will be determined on the difference between the exercise price and Group's share price at the date of exercise. For share options that have not vested, the provision for Employer's NIC is calculated on the same basis and is accrued over the vesting period.

For options granted prior to 2020, the Group has agreed that settlement of the Employer's NIC liability arising on gains made on the exercise of unapproved share options be capped at the exercise price of the options. Any excess liability for Employer's NIC would be recovered from the option holder. For option grants from 2020, the employees have agreed to pay any Employer's NIC liability that is due on exercise of their options. As such a separate reimbursement asset is recognised for this recoverable amount.

The Group operates a number of share schemes to provide employees and third parties with the opportunity to acquire a proprietary interest in the Group as an incentive to attract and retain their services as follows:

- an all-employee Share Incentive Plan (referred to as the Buy As You Earn or BAYE scheme);
- an Enterprise Management Incentive (EMI) and Unapproved Share Option Plan, under which Group employees can be granted share options; and
- a Long Term Incentive Plan (LTIP) under which Group employees can be granted share options or conditional share awards.

Share Incentive Plan

In FY21, the Company implemented a new Share Incentive Plan (the "BAYE scheme"), which is available to all eligible UK Group employees. Employees can contribute up to £150 per month to acquire partnership shares, which are purchased or allotted monthly. The Group currently matches employee contributions, awarding matching shares on a one-for-one basis.

At 30 April 2024 the trustees of the SIP held 693,200 ordinary shares (2023: 368,460) in ITM Power PLC, of which 689,938 (2023: 365,790) have been conditionally awarded to employees and 3,262 (2023: 2,670) remain unallocated.

The Group recognised a charge of £113,000 in relation to this scheme in 2024 (2023: £178,000).

EMI and Unapproved Share Option Plan and LTIP

In 2010 the Company introduced an EMI and Unapproved Share Option Plan to be applied to subsequent issues of share options. Under the scheme rules the exercise price is deemed to be the mid-market price of shares on the London Stock Exchange AIM market at the close of trading on the day before the grant of the share options. Share options vest over a period of three to five years and are exercisable up to the tenth anniversary of the grant. The last of the EMI share options were exercised in the prior financial year. As a general rule, unexercised awards granted to participants who leave employment, both pre- and post-vesting, will be forfeited. In the event a participant leaves as a result of a qualifying reason, they retain vested but unexercised share options but forfeit unvested share options.

The EMI and Unapproved Share Option Plan was replaced by a Long Term Incentive Plan in 2020. The exercise price for awards granted to date has been set at the nominal value for shares. Share options vest, subject to the achievement of performance conditions set at grant, over a period of three years and are exercisable up to the tenth anniversary of the grant. As a general rule, awards granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they receive a pro rata entitlement.

A more comprehensive description of the different schemes can be found within the Remuneration Report.

Movements within the year on the share option plans (including the EMI, unapproved and LTIP options) were as follows:

	2024		2023	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at the beginning of the year	**5,129,365**	**20p**	8,610,120	24p
Granted during the year	**2,850,798**	**5p**	253,515	5p
Exercised during the year	**(488,668)**	**33p**	(3,322,023)	32p
Lapsed during the year	**(1,145,347)**	**5p**	(412,247)	5p
Outstanding at the end of the year	**6,346,148**	**15p**	5,129,365	20p
Exercisable at the end of the year	**5,307,798**	**17p**	2,945,667	32p

The options outstanding at 30 April 2024 had an exercise price in the range of 5p to 48p and a weighted average remaining contractual life of seven years.

Notes to the Consolidated Financial Statements continued

25. Share-based payments continued

EMI and Unapproved Share Option Plan and LTIP continued

In the current year, the fair value of options issued was measured using a combination of the Monte Carlo options pricing model and the Black Scholes model as options were split 60% based on total shareholder return (TSR) performance conditions and 40% based on non-market performance conditions. Wherever share options include a TSR performance condition, IFRS 2 requires the use of a model that can take into account the likelihood of the performance condition being achieved (hence the use of the Monte Carlo model) but for non-market-based performance conditions, the Black Scholes model suffices.

The weighted average fair value of those options granted during the year was calculated as 38p.

The assumptions used in the models are as follows:

Weighted averages	2024	2023
Share price	**64p**	103.9p
Exercise price	**5p**	5p
Expected volatility	**74.7%**	84.8%
Expected life	**3.0 years**	1.2 years
Risk-free rate	**4.5%**	3.9%

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility was determined by calculating the historical volatility of the Company's shares over a period in line with the expected term of the options. The expected dividend impact used is 0% as participants are entitled to dividend equivalents in respect of any dividends paid over the vesting period.

The Group has recognised a share-based payment expense for the year, made up of the following elements:

	2024 £000	2023 £000
Share-based payment expense (as seen through equity)	**92**	1,161
Purchase of partnership shares under the BAYE scheme	**113**	171
LTIP exercise with treasury shares	**–**	27
Deferred bonus scheme	**74**	–
Movement on provision for Employer's NIC on potential gain	**(130)**	(1,779)
	149	(420)

The full share-based payment charge is shown within staff costs on the income statement.

Deferred Bonus Scheme

Executive Directors have been granted a deferred bonus in addition to the usual bonus provisions. The value, based on similar performance criteria to their cash bonus, will be confirmed by the Remuneration Committee in July and withheld by the Group for a period of two years, to be paid out in shares purchased at that time. No shares are purchased until the end of the two-year term so Executive Directors will not receive any dividends and are not entitled to vote in relation to the deferred shares during the vesting period. If a Director ceases to be employed by the Group within this period, the rights will be forfeited.

The deferred bonus has been accounted as an equity-settled share-based payment under IFRS 2, with a provision built up over three years (the performance year and two subsequent years for the employment condition).

26. Notes to the cash flow statement

	2024 £000	2023 £000
Loss from operations	**(38,011)**	(103,713)
Adjustments:		
Depreciation	**4,008**	3,006
Share-based payment (through equity)	**92**	1,161
Foreign exchange on intercompany transactions	**176**	(137)
Loss on disposal	**126**	64
Impairment	**1,417**	4,469
Amortisation	**1,921**	942
Operating cash flows before movements in working capital	**(30,271)**	(94,208)
Increase in inventories	**(11,577)**	(26,642)
(Increase)/decrease in receivables	**(9,219)**	5,852
Increase in payables	**22,209**	11,787
(Decrease)/increase in provisions	**(21,056)**	31,152
Cash used in operations	**(49,914)**	(72,059)
Interest paid	**(605)**	(495)
Income taxes paid	**(62)**	–
Net cash used in operating activities	**(50,581)**	(72,554)

27. Net cash reconciliation

	Lease liabilities £000	Cash £000	Total £000
Net (debt)/cash as at 1 May 2022	(7,148)	365,882	358,734
Adjusted	88	–	88
Cash flows	1,018	(83,097)	(82,079)
Acquisition – leases	(1,280)	–	(1,280)
Other changes – interest expense	(487)	(54)	(541)
Net (debt)/cash as at 1 May 2023	(7,809)	282,731	274,922
Adjusted	**13**	**(174)**	**(161)**
Cash flows	**1,648**	**(52,267)**	**(50,619)**
Acquisition – leases	**(5,966)**	**–**	**(5,966)**
Other changes – interest expense	**(590)**	**58**	**(532)**
Net (debt)/cash as at 30 April 2024	**(12,704)**	**230,348**	**217,644**

Notes to the Consolidated Financial Statements continued

28. Capital commitments

The Group had capital commitments of £4.2m at the balance sheet date; these include £3.3m of open purchase orders relating to the fit-out of Unit 3 Bessemer Park and the power upgrade (2023: £7.0m, including power upgrade of £5m).

29. Contingent liability

Commercial Settlement

The Group is in a commercial dispute, the details of which are commercially sensitive. This dispute has not resulted in a formal claim and, based on advice, Directors have made a judgement that an obligation was possible rather than probable at the year end. Accordingly, this matter is considered to represent a contingent liability. However, the directors would like to resolve the issue and believe that if a settlement were to be made that there could be an outflow of up to £15m.

Receipt of government grants

The Group participates in a number of grant funded projects. Income is recognised in the accounts as receivable based on the grant contract and the levels of expenditure incurred on the project. It is claimed periodically according to a timetable laid down by each coordinator. The claims are audited before any money is awarded. However, grants are ultimately funded by government or EU institutions and can be subject to further scrutiny at later dates. This leaves grant income in the accounts subject to potential recall.

Management does not know which grants will be subject to such audit nor the time that they are likely to arise and as such would be unable to quantify the potential financial impact of any subsequent recall of funds. To the best of its knowledge, claims are made for expenditure agreed ahead of any project undertaking and in accordance with grant procedure.

30. Financial instruments

Capital risk management

The current capital risk management objective is to ensure that the existing pipeline continues to be delivered in line with cash management expectations.

The capital risk management landscape has not materially changed in the last year for the Group. The Group continues to manage large cash reserves gained through past fundraises and has no loans or other debt instruments.

Externally imposed capital requirement

During the year the Group was not required to comply with any externally imposed capital requirements.

Categories of financial instruments

Financial assets – amortised cost	**2024 £000**	2023 £000
Financial asset at amortised cost	**400**	174
Long-term loan notes (held for sale in FY23)	**–**	1,626
Cash and cash equivalents	**230,348**	282,557
Trade receivables (excluding IFRS 9 impairment)	**16,252**	2,591
Restricted cash balances	**757**	774
Other receivables	**4,768**	3,091
	252,525	290,813

Both the loan notes and the financial asset at amortised cost sit under non-current assets in the balance sheet. The latter relates to the security deposits on our leasehold properties at Bessemer Park. The rest of the Group's financial assets consist of cash or cash equivalents and receivables that are largely due from large organisations with a strong credit history. Accrued income amounts are included as financial assets as they relate to contractual agreements that will result in future cash inflows. ITM Power PLC does not consider there to be undue risk associated with receivables.

Financial liabilities – amortised cost	**2024 £000**	2023 £000
Trade payables	**8,818**	4,450
Accruals	**3,412**	3,049
Lease liabilities	**12,704**	7,809
	24,934	15,308

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

2024	**Within 1 year £000**	**2-5 years (inclusive) £000**	**Over 5 years £000**	**Total net payable £000**
Trade and other payables	**8,818**	**–**	**–**	**8,818**
Lease liabilities	**1,572**	**6,056**	**11,075**	**18,703**
	10,390	**6,056**	**11,075**	**27,521**

2023	Within 1 year £000	2-5 years (inclusive) £000	Over 5 years £000	Total net payable £000
Trade and other payables	4,450	–	–	4,450
Lease liabilities	1,464	3,971	5,688	11,123
	5,914	3,971	5,688	15,573

Fair value through profit and loss

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk. These are not deemed to be effective hedging instruments to be matched off against a related asset or liability but rather as stand-alone financial assets or liabilities at fair value through profit and loss. Within the financial statements, therefore, this portfolio of contracts will be shown as either an asset or liability on the balance sheet, with a corresponding gain or loss through the income statement, depending on how the contractual rate of exchange compares with the year-end rate.

These financial instruments would sit within Level 2 of a fair value hierarchy, being derived from other inputs – other than quoted prices in active markets – that are observable. However, as they are the only financial instruments measured at fair value, no fair value hierarchy table has been presented. There were no such financial instruments in the current financial year. The fair value loss recognised on forward contracts in the year was £Nil (2023: £127,000).

The carrying value of all other financial instruments at 30 April 2024 and 30 April 2023 approximated to their fair value.

Notes to the Consolidated Financial Statements continued

30. Financial instruments continued

Financial risk management objectives and policies
The Group's Finance function monitors and manages the financial risks relating to the operations of the Group. The Group's activities expose it primarily to the financial risks of changes in interest rates.

The Group seeks to minimise the effects of these risks. The Group's policies approved by the Board of Directors provide written principles on interest rate risk and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a continuous basis.

The treasury activities are reported to the Group's Board as required.

Liquidity and interest risk management
The Group is exposed to the interest rate risks associated with its holdings of cash and cash equivalents and short-term deposits.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which regularly monitors the Group's short, medium and long-term funding, and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties.

The credit risk of liquid funds (cash, cash equivalents and short-term deposits) is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Management have put some of the funds on fixed-term deposit and in a money market account where they can generate interest. The funds have also been split between different banking institutions.

Sales invoices are expected to be paid within 30 to 60 days under our usual contractual terms. At the year end, there were receivables totalling £0.8m (2023: £0.9m) that were overdue but considered fully recoverable. Most of our sales income is subject to contractual terms and therefore largely protected from default.

Given the increasing volumes of raw materials and inventory required to fulfil our contracts, more frequent credit checks have been performed and bank guarantees sought from some suppliers where upfront payments were made.

Foreign currency risk management
The Group manages cash balances in Australian and US Dollars, Euros and Pound Sterling but also receives and spends money in different currencies. As such, the Group has exposure to foreign exchange variation. Management keep under review the need for hedging opportunities with regards to capital risk management and will look to use bulk purchases or forward contracts as a means of mitigating exposure to exchange rate volatility on long-term purchase contracts. The intention is to try to "lock in" a budget rate that will help to ensure more reliable forecasting of costs and therefore a more controlled return on contracts.

During the year, net foreign exchange movements in the income statement amounted to £307,000 loss (2023: £201,000 gain).

The Group's currency exposure at year end comprises the monetary assets and monetary liabilities that are not denominated in the functional currency of the operating unit involved. The Group's exposure to currency risk predominantly arises on trade (transactions with both suppliers and customers) in a variety of locations and denominated in currencies other than the functional currency of the operating unit excluding intercompany balances.

These exposures were as follows:

		Liabilities		Assets	
		2024 £000	2023 £000	**2024 £000**	2023 £000
EUR	(i)	**250**	849	**3,144**	2,144
USD	(ii)	**1,290**	61	**9**	90
SEK	(iii)	**144**	13	**–**	–
AUD	(iv)	**5**	17	**7**	136
		1,689	940	**3,160**	2,370

(i) This is mainly attributable to the exposure to outstanding Euro to Pound Sterling receivables and payables in the Group at the balance sheet date.

(ii) This is mainly attributable to the exposure to outstanding US Dollar to Pound Sterling receivables and payables at the balance sheet date.

(iii) This is mainly attributable to the exposure to outstanding Swedish Krona to Pound Sterling receivables and payables at the balance sheet date.

(iv) This is mainly attributable to the exposure to outstanding Australian Dollar to Pound Sterling receivables and payables at the balance sheet date.

Foreign currency sensitivity analysis
The Group did not hedge its exposure of foreign investments held in foreign currencies.

The table below assumes an increase/decrease of 10% in the Euro to Pound Sterling exchange rate, the US Dollar to Pound Sterling exchange rate and the Australian Dollar to Pound Sterling exchange rate.

The sensitivity analysis is based on the subsidiaries' profit or loss for the year.

	EUR impact		USD impact		AUD impact	
	2024 £000	2023 £000	**2024 £000**	2023 £000	**2024 £000**	2023 £000
Profit or loss	**50**	259	**82**	62	**(10)**	3

If rates had been 1% higher/lower and all other variables had remained constant, loss for the year would have decreased/increased by £122,000 (2023: £323,000).

Notes to the Consolidated Financial Statements continued

31. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Key management personnel compensation (including Directors)	2024 £000	2023 £000
Short-term employee benefits	**2,982**	3,666
Termination benefits	**–**	155
Post-employment benefits	**154**	135
Share-based payment expense	**308**	(1,219)
Total costs for key management personnel	**3,444**	2,737

Directors' remuneration	2024 £000	2023 £000
Emoluments	**2,001**	2,372
Pension contributions	**125**	103
Compensation for loss of office	**–**	155
Aggregate emoluments	**2,126**	2,630

Salary figures detailed here are after salary exchange for pensions. Consequently, the pension figures are employer contributions inclusive of those salary exchange amounts. Three Directors were members of money purchase pension schemes during the year (2023: four).

Three Directors participated in the Group BAYE scheme (2023: four) and received matching shares. Three Directors participated in Long Term Incentive Plans (2023: five).

Directors did not exercise options in the current year. Gains made by Directors exercising share options in the prior year:

Director	Type of share option	Number of shares exercised	Option price	Market price at date of exercise	Gain made £000
G Cooley	Unapproved	3,000,000	30p	115.54p	2,447
G Cooley	Unapproved	307,500	48p	113.04p	200

Remuneration of the highest paid Director	2024 £000	2023 £000
Emoluments	**857**	721
Pension contributions	**50**	–
Compensation for loss of office	**–**	105
	907	826

More detail is provided on Directors' remuneration and share options within the Remuneration Report.

Transactions with other related parties

All related party transactions which were not intra-group have been conducted at arm's length.

During the year, purchases from Linde/BOC Group, represented on the Board by J Nowicki, totalled £0.7m (2023: £0.8m) with £43,000 outstanding for payment at year end (2023: £94,000). There were also milestone billings on sales contracts of £25.2m (2023: £15.3m) with £13.5m remaining outstanding at year end (2023: £0.9m).

Transactions with Ecclesiastical Insurance Office PLC for the services of D Cockrem, as Non-Executive Director on our Board, amounted to £107,000 (2023: £31,000) with £46,000 remaining outstanding at year end (2023: £Nil).

Transactions with Brightgreen Lines Limited, a company owned by one of our Non-Executive Directors, amounted to £31,000 (2023: £Nil). This remained outstanding at year end.

Transactions with Motive Fuels Limited up until the sale of the entity amounted to £108,000 and £32,000 of sales invoices raised prior to the sale of the entity remain unpaid at year end.

Balances and transactions with ILE are discussed in Note 12 – Investments.

32. Controlling party

As at the date of these accounts neither the Directors together, nor any individual shareholder, owned more than 50% of the issued share capital of the Company and hence, in the opinion of the Directors, there is no controlling party at this date.

33. Events after the balance sheet date

In August 2024, we signed a contract with Shell for its 100MW Refhyne II project at its refinery in Wesseling.

Company Balance Sheet

	Note	2024 £000	2023 £000
Fixed assets			
Tangible assets	4	**–**	3
Right of use assets	5	**563**	–
Intangible assets	6	**–**	–
Financial assets	7	**41**	–
Investments	8	**53,094**	182,161
		53,698	182,164
Current assets			
Debtors	9	**490**	266
Cash at bank and in hand	10	**225,609**	253,110
		226,099	253,376
Assets held for distribution/sale	11	**–**	2,216
		226,099	255,592
Creditors: amounts falling due within one year			
Trade and other payables	12	**(1,512)**	(921)
Provisions	13	**(115)**	(56)
Lease liability	14	**(75)**	–
		(1,702)	(977)
Net current assets		**224,397**	254,615
Creditors: amounts falling due after one year			
Lease liability	14	**(501)**	–
Net assets		**277,594**	436,779
Capital and reserves			
Called up share capital	15	**30,849**	30,823
Share premium account	15	**542,735**	542,593
Retained loss	15	**(295,990)**	(136,637)
Shareholders' funds		**277,594**	436,779

The Company reported a loss for the financial year ended 30 April 2024 of £159.4m (2023: a loss of £66.9m).

The notes on pages 98 to 101 form part of these financial statements.

The financial statements of ITM Power PLC, registered number 05059407, were approved by the Board of Directors and authorised for issue on 14 August 2024.

Signed on behalf of the Board of Directors:

Andy Allen
Director
14 August 2024

Company Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Retained loss £000	Total equity £000
At 1 May 2022	30,658	542,323	(70,921)	502,060
Transactions with owners				
Issue of shares	165	270	—	435
Credit to equity for share-based payment	—	—	1,161	1,161
Total transactions with owners	165	270	1,161	1,596
Loss for the year and comprehensive loss	—	—	(66,877)	(66,877)
Total comprehensive loss	—	—	(66,877)	(66,877)
At 1 May 2023	30,823	542,593	(136,637)	436,779
Transactions with owners				
Issue of shares	**26**	**142**	**—**	**168**
Credit to equity for share-based payment	**—**	**—**	**92**	**92**
Total transactions with owners	**26**	**142**	**92**	**260**
Loss for the year and comprehensive loss	**—**	**—**	**(159,445)**	**(159,445)**
Total comprehensive loss	**—**	**—**	**(159,445)**	**(159,445)**
At 30 April 2024	**30,849**	**542,735**	**(295,990)**	**277,594**

The notes on pages 98 to 101 form part of these financial statements.

Notes to the Company Financial Statements

1. Material accounting policies

Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006.

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, financial statements have been prepared in accordance with Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of non-current assets, presentation of a cash flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

In accordance with Section 408 of the Companies Act 2006, the Company has taken the exemption from presenting the parent company's individual profit and loss account.

The financial statements have been prepared on the historical cost basis except for the remeasurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in the consolidated financial statements except as noted below.

2. Critical accounting judgements and key sources of estimation uncertainty

The Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no critical judgements that the Directors have made in the process of applying the Company's accounting policies.

Key sources of estimation uncertainty

- Recoverability of investments – Note 6

3. Staff numbers and costs

	2024 Number	2023 Number
Monthly average number of persons employed	**4**	5

Staff costs during the year (excluding Directors)	2024 £000	2023 £000
Wages and salaries	**–**	97
Social security costs	**–**	9
Other pension costs	**–**	6
	–	112

All employees of the Company in the year were Executive or Non-executive Directors of the Group. Directors' remuneration is presented in Note 31 of the consolidated financial statements.

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions actually payable in the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the balance sheet. As at 30 April 2024 pension contributions of £8,000 (2023: £8,000) due in respect of the current year had not been paid over to the scheme. These were paid over in the following month and within statutory deadlines.

4. Tangible fixed assets

Accounting policy:

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost, over an estimated useful life of three years, using the straight-line method. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

	Computer equipment £000
Cost	
At 1 May 2023	77
Disposals	**(35)**
At 30 April 2024	**42**
Depreciation	
At 1 May 2023	74
Charge for the year	**3**
Disposals	**(35)**
At 30 April 2024	**42**
Net book value	
At 30 April 2024	**–**
At 30 April 2023	3

5. Right of use assets

Accounting policy:

At inception of a leasing contract, the Company assesses whether it conveys the right to control the use of an identified asset – and obtain substantially all of the economic benefits from use of the asset – for a period of time in exchange for consideration. In this instance the Company recognises a right of use asset and a lease liability at the lease commencement date.

Right of use assets are recognised at the total value of the lease payments (i.e. initial measurement of the lease liability) plus any deposit or lease payments made at or before the commencement date, less any lease incentives.

An adjustment to cost will be recognised when there is a change in the future lease payments e.g. rent review or lease extension.

Depreciation of right of use assets is recognised over their lease term in administrative expenses.

Notes to the Company Financial Statements continued

5. Right of use assets continued

Accounting policy: continued

On 22 January 2024, the Company entered into a commercial lease for Unit 7-9 Shepcote Enterprise Park. The lease is accounted under IFRS 16, requiring an equivalent right of use asset to be recognised and subsequently depreciated over its 15-year term.

	Leasehold property £000
Cost at 1 May 2023	–
Additions	**573**
Cost at 30 April 2024	**573**
Depreciation at 1 May 2023	–
Depreciation	**10**
Depreciation at 30 April 2024	**10**
Net book value at 30 April 2024	**563**
Net book value at 30 April 2023	–

6. Intangible assets

Accounting policy:

Software purchased from external companies has been recognised at cost under the heading of intangible assets. Amortisation is charged so as to write off the cost over an estimated useful life of three years using the straight-line method years (in line with our policy for computer equipment) and is recognised in income.

	Software £000
Cost at 1 May 2023	22
Disposals	**(17)**
Cost at 30 April 2024	**5**
Amortisation at 1 May 2023	22
Charge for the year	**–**
Disposals	**(17)**
Amortisation at 30 April 2024	**5**
Net book value at 30 April 2024	**–**
Net book value at 30 April 2023	–

7. Financial asset at amortised cost

	2024 £000	2023 £000
Security deposit	**41**	–
	41	–

The financial asset at amortised cost sits under non-current assets in the balance sheet and relates to the security deposit on our leasehold property.

8. Investments

Accounting policy:

Balances are stated at cost less any provision for impairment in value.

The Company holds 50% of the share capital of ILE, although control is deemed to lie with Linde for the purposes of consolidation as it also appoints the Managing Director, who has the casting vote at meetings of the ILE board of directors. ITM Power has significant influence due to its representation on the board. As such, ITM Power accounts for this investment in associate using the equity method. This means that the investment is originally recognised at cost, with subsequent movements to reflect ITM Power's share of the profit or loss after the date of acquisition. This share of the profit or loss is recognised in ITM Power's profit or loss. Should any adjustments be necessary for changes in proportionate interest arising from changes in ILE's other comprehensive income, ITM Power's share of those changes would be recognised in other comprehensive income. Any distributions received will reduce the carrying amount of the investment.

	Loans to subsidiary undertakings £000	Investment in subsidiary undertakings £000	Investment in associate £000	Total £000
Cost				
At 1 May 2023	95,294	199,309	379	294,982
Additions	**44,432**	**–**	**–**	**44,432**
Foreign exchange	**–**	**(212)**	**(35)**	**(247)**
Debt conversion to equity	**(120,000)**	**120,000**	**–**	**–**
Share options granted to subsidiary employees	**–**	**170**	**–**	**170**
50% share of loss and write down to fair value	**–**	**–**	**(291)**	**(291)**
At 30 April 2024	**19,726**	**319,267**	**53**	**339,046**
Provisions for impairment				
At 1 May 2023	12,797	100,024	–	112,821
Foreign exchange	**–**	**(36)**	**–**	**(36)**
Movement in year	**167**	**173,000**	**–**	**173,167**
At 30 April 2024	**12,964**	**272,988**	**–**	**285,952**
Net book value				
At 30 April 2024	**6,762**	**46,279**	**53**	**53,094**
At 30 April 2023	82,497	99,285	379	182,161

Interest is charged annually upon intercompany loan balances at a rate of 1% over the Bank of England base rate. During the year, previous intercompany debt relating to ITM Power (Trading) Limited has been converted into equity.

Notes to the Company Financial Statements continued

8. Investments continued

Accounting policy: continued

As in previous years, a provision for credit losses (IFRS 9) has been made in recognition that the subsidiaries are loss-making and therefore unlikely to be able to repay their debt to the parent company in the near-term.

Estimation uncertainty:

In line with IAS 36 Impairment of Assets, the Company tests the net recoverable amounts of assets annually for impairment, or more frequently if there are indicators of impairment. Given that the subsidiaries are in the early stages of commercial trade and that the Company continues to support its subsidiaries as they build up trade, there are indicators of impairment.

During the year, management considered the recoverability of its investment in subsidiary companies.

The subsidiaries continue to trade, but currently are trading at a loss, which is seen as temporary by management. The recoverable amount being the higher of each subsidiary's value in use and the fair value less cost to sell, the higher of these was determined to be fair value less costs to sell.

The investment in ITM Power Germany GmbH was already written down in a prior year and there were no triggers noted for a reversal of that impairment.

ITM Power (Trading) Limited is responsible for well over 90% of Group activities, along with the future revenue opportunities (being the only centre for R&D and the sole manufacturing entity). As such, this single cash generating unit contributes significantly to the market capitalisation of the Group (and parent company, listed on AIM). Therefore, the market capitalisation, with some adjustments to make it appropriate for the Trading entity, is an important proxy in the fair value less costs to sell assessment of the Trading subsidiary. In comparing the cost of the total investment with this fair value proxy there was an impairment of £173m to recognise in the current year. The net book value remaining on investment in subsidiary undertakings, both in this financial year and the previous financial year, relates solely to ITM Power (Trading) Limited.

The investment in ITM Linde Electrolysis GmbH is discussed in more detail in Note 12 to the consolidated financial statements.

A full list of the Company's subsidiaries and associates as at 30 April 2024 comprises:

Name	Place of incorporation	% equity interest	Status during the year	Registered address/principal office
ITM Power (Research) Limited	England and Wales	100	Dormant	2 Bessemer Park, Sheffield S9 1DZ
ITM Power (Trading) Limited	England and Wales	100	Active	2 Bessemer Park, Sheffield S9 1DZ
ITM Power Germany GmbH	Germany	100	Active	Kurt Schumacher Strasse 1, 35440 Linden, Germany
ITM Power, Inc.	California, USA	100	Active	2 Bessemer Park, Sheffield S9 1DZ
ITM Power US, Inc.	Delaware, USA	100	Active	1209 Orange Street, Wilmington, New Castle County, Delaware 19801
ITM Power Pty Ltd	Australia	100	Active	Unit 2 Level 1, 32 Main Street, Samford Village, Queensland, Australia 4520
Orkney Hydrogen Trading Limited	Scotland	100	Dormant	Suite 2, Ground Floor, Orchard Brae House, 30 Queensferry Road, Edinburgh EH4 2HS
ITM Linde Electrolysis GmbH	Germany	50	Active	Bodenbacher Str. 80, 01277 Dresden, Germany

9. Debtors: amounts falling due within one year

Accounting policy:

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. Trade and other receivables are recognised at fair value and subsequently measured at either amortised cost or fair value through profit and loss depending on their contractual characteristics.

	2024 £000	2023 £000
Prepayments	**338**	183
Amounts recoverable from employees	**43**	8
Other debtors	**109**	75
	490	266

The amounts recoverable from employees relate to the extent that Employer's NIC can be recovered when share options are exercised and will offset the provision in Note 13.

10. Cash and cash equivalents

Accounting policy:

Cash and cash equivalents comprise cash in hand and on demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

	2024 £000	2023 £000
Cash and cash equivalents	**225,609**	253,110

11. Assets held for sale

In the prior year, ITM Power PLC announced its intention to sell its investment in Motive Fuels Limited. As such, per IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, we ceased to recognise any further share of loss on the investment and moved both that and the loan notes to assets held for sale:

	2024 £000	2023 £000
Assets held for sale	**–**	2,216
	–	2,216

The sale of Motive to a third party was concluded on 19 October 2023 for a sum of £1.5m. This has led to a loss on disposal through the income statement in the current year.

Notes to the Company Financial Statements continued

12. Trade and other payables

Accounting policy:

Trade and other payables are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. These financial liabilities are recorded initially at fair value and subsequently measured at amortised cost. A financial liability is derecognised only when the obligation is discharged or cancelled or expires.

	2024 £000	2023 £000
Trade creditors	**152**	17
Payroll creditors	**63**	45
Accruals and deferred income	**1,297**	859
	1,512	921

13. Provisions

Accounting policy:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle that obligation, and that a reliable estimate can be made of the amount of that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

There is a provision for Employer's NIC due on equity settled share-based payments as they exercise:

	Provision £000
Balance at 1 May 2023	(56)
Provision created in the year	**(60)**
Use of the provision	**–**
Release in the year	**1**
Balance at 30 April 2024	**(115)**

14. Lease liabilities

Accounting policy:

Where a lease contract is identified, the Company recognises a right of use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments and discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Group's incremental borrowing rate or best estimate of the same. The lease liability continues to be measured at amortised cost using the effective interest method. When there is a change in the future lease payments, the lease liability is remeasured and a corresponding adjustment is made to the carrying amount of the right of use asset.

The Company has elected not to recognise right of use assets and lease liabilities for leases of less than 12 months and leases of low-value assets. Instead, the lease payments associated with these agreements would be recognised as an expense on a straight-line basis over the lease term.

The following table shows the movements on lease liabilities within the year:

	Leasehold property £000
Existing contracts at 1 May 2023	–
Additions	**573**
Interest applied	**3**
Payments made	**–**
At 30 April 2024	**576**
Split:	
Within 1 year	**108**
2-5 years (inclusive)	**565**
Over 5 years	**3**
Less:	
Future finance charges	**(100)**
Present value of lease obligations	**576**
In the balance sheet:	
Due within 12 months (current)	**75**
Due after 12 months (non-current)	**501**

The interest charge is the only value described above that is recorded in the income statement. Each liability is matched by a corresponding right of use asset, upon which depreciation is also charged to the income statement (see Note 5).

15. Share capital and reserves

The movements on share capital and share premium accounts are disclosed in Note 24 to the consolidated financial statements.

The Company's other reserve is the profit and loss reserve which represents cumulative profits or losses, net of dividends paid and other adjustments.

16. Related party transactions

The Company has taken advantage of the exemption included in FRS 101 'Related Party Disclosures' for wholly-owned subsidiaries not to disclose transactions with entities that are part of the Group qualifying as related parties.

The balance with ILE is shown in Note 8. Details of the investment's performance and transactions with the entity are described more fully in Note 12 to the consolidated financial statements. These were the only transactions made with that entity in the year.

Glossary

Term	Meaning
AIM	the Alternative Investment Market operated by the London Stock Exchange
BAYE	ITM Power PLC Buy As You Earn Plan (a SIP)
BEIS	UK Department for Business, Energy & Industrial Strategy
blue hydrogen	hydrogen derived from natural gas through the process of steam methane reforming – however, this produces CO_2 which must then be captured and safely stored
Board (the)	the board of directors of ITM Power PLC
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO_2	carbon dioxide
Companies Act	UK Companies Act 2006
Company (the)	ITM Power PLC, registered in England and Wales number 5059407
COP28	28th session of the UN Climate Change Conference of the Parties which took place from 30 November to 13 December 2023 in Dubai
CTO	Chief Technology Officer
EBITDA	earnings before interest, tax, depreciation and amortisation
EDI	equity, diversity and inclusion
EMI	enterprise management incentive
EPC	engineering, procurement and construction
ESG	environmental, social and governance
EU	European Union
FEED	front end engineering design
FID	final investment decision
FTO	freedom-to-operate
FY21	the financial year ending 30 April 2021
FY22	the financial year ending 30 April 2022
FY23	the financial year ending 30 April 2023
FY24	the financial year ending 30 April 2024

Term	Meaning
FY25	the financial year ending 30 April 2025
FY26	the financial year ending 30 April 2026
GHG	greenhouse gas(es)
green hydrogen	hydrogen created solely from renewable energy and water through the process of electrolysis; this results in a clean, zero-emission fuel
grey hydrogen	the most common form of hydrogen, produced by reforming natural gas (methane); this results in substantial carbon emissions
Group (the)	the group of companies headed by ITM Power PLC
GW	gigawatt (one billion watts, 10^9 watts)
HSE	health, safety and environment
IEA	International Energy Agency
ILE	ITM Linde Electrolysis GmbH, our joint venture with Linde
IP	intellectual property
IPCEI	EU 'important project of common European interest'
LTIP	ITM Power PLC Long Term Incentive Plan
Motive	Motive Fuels Limited (formerly ITM Motive Limited, our joint venture with Vitol), registered in England and Wales number 13290733
MW	megawatt (one million watts, 10^6 watts)
NED	Non-Executive Director
NEPTUNE II	2MW containerised plug & play electrolyser system
NEPTUNE V	5MW containerised plug & play electrolyser system
NIC	National Insurance Contributions
NOMAD	nominated advisor
PEM	proton exchange membrane
PGM	platinum group metal(s)
POSEIDON	20MW module based on ITM's TRIDENT stack platform
QCA Code (the)	The Quoted Companies Alliance Corporate Governance Code 2018
R&D	research and development

Term	Meaning
RIDDOR	UK Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
SDGs	UN Sustainable Development Goals
skid	A "package" or sub-system that forms part of an electrolyser e.g. stack skid, dryer skid
SIP	share incentive plan, a type of tax-advantaged all-employee share plan offered to eligible UK employees
SMR	steam methane reformer
SOP	ITM Power PLC Share Option Plan: EMI and Unapproved
stack	a stack of cells that perform electrolysis
STEM	science, technology, engineering and maths
TCFD	Task Force on Climate-related Financial Disclosures
TRIDENT	ITM's 30-bar electrolyser stack technology
TSR	total shareholder return
UK	United Kingdom
UN	United Nations
US IRA	US Inflation Reduction Act of 2022
VP	Vice President
WIP	work-in-progress

Officers, Professional Advisors and Useful Contacts

Officers

Directors:
See biographies on pages 42 and 43

Executive Committee:
Dennis Schulz, CEO

Andy Allen, CFO

Dr Simon Bourne, CTO

Tim Calver, VP Commercial

Martin Clay, VP Operations

Company Secretary:
Huan Quayle

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