RNS Number : 1933V
ITM Power PLC
30 January 2025

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ITM Power PLC

Interim Results for the Six Months to 31 October 2024

We are delighted to announce our interim results, showing continued strong year-on-year progress. Revenue has increased further, adjusted EBITDA losses have reduced, and we have maintained a strong cash position. Our contracted order backlog has grown to our highest-ever number of £135m.

Interim results summary

- Revenue of £15.5m (H124: £8.9m)
- Adjusted EBITDA loss of £16.8m (H124: £18.1m)*
- Cash at the end of H125 of £203.1m (H124: £253.7m)**
- Record contract backlog to date of £135.3m, up from £43.7m two years ago
- First-half highlights:
    - Contract signed for REFHYNE II 100MW project for Shell
    - 500MW and 8MW capacity reservations secured
    - Commissioned a 4MW pilot plant for RWE in Germany
    - Inauguration of the 24MW plant for Yara in Norway
- Post period end:
    - Two NEPTUNE V contracts signed, totalling 4 units and 20MW in Germany
    - Front End Engineering Design (FEED) contract signed for a 50MW project in the EU
    - FEED contract signed for a 10MW standard plant configuration for several projects to be deployed in the UK
    - Further 40% iridium loading reduction, lowering costs
    - Sales pipeline stronger than ever, including high customer demand for NEPTUNE V
- Reiteration of full-year revenue guidance, improved adjusted EBITDA losses versus original guidance, and a further improvement to cash:
    - Revenue between £18m and £22m
    - Adjusted EBITDA loss between £32m and £36m
    - Cash between £185m and £195m, substantially improved against original FY guidance of £160-175m and previously improved guidance of £170-180m

**Adjusted EBITDA is a non-statutory measure. The calculation method is set out in the Note 4*
**The prior year results were restated. Please see notes 2 and 4*
***Cash is stated after an exceptional payment of £13m paid to Linde relating to a commercial settlement previously disclosed in the FY24 preliminary results.*

Dennis Schulz, CEO of ITM, said: "Green hydrogen has begun to play its vital role in decarbonising the global energy system, whether as a feedstock in sectors such as chemicals and refining, as a fuel, or as a source of flexible power generation.

Gone is the unrealistic hype that the hydrogen economy would develop overnight. Instead, today, the hype has given way to real industrial scale-up of projects and production capacities. The green hydrogen industry has started gaining traction with an increasing number of project Final Investment Decisions (FIDs) taken over the recent months.

Our sales pipeline and contract backlog have never been healthier, and we now have a product portfolio tailored to our customers' needs. This has been evidenced in us winning the Shell REFHYNE II 100MW project, two contracts for a total of four NEPTUNE V units, and a 50MW and a 10MW FEED contract; all profitable orders. Operationally, we are in the best condition the company has ever been in. Tangible evidence of this is our continuously improved factory acceptance test (FAT) first-time-pass rate for stacks, which now stands at 98%, up from below 50% just two years ago. We commissioned important reference plants for our customers, some of which were publicly inaugurated, such as the 24MW green hydrogen to green ammonia plant operated by Yara in Norway and the 4MW pilot plant at Lingen for RWE. All this is conducive to customer confidence, and, over time, these factors support converting our growth into profitability and cash generation. Today, I am even more optimistic about our future than when I joined the company two years ago."

Dennis Schulz, Amy Grey, Andy Allen and Dr Simon Bourne will present to analysts and investors at 9:00 a.m. GMT.

The presentation will be via the Investor Meet Company platform. Questions can be submitted pre-event via the Investor Meet Company dashboard anytime during the live presentation. Analysts and investors can sign up to Investor Meet Company for free via:

https://www.investormeetcompany.com/itm-power-plc/register-investor. Those who follow the Company on the Investor Meet Company platform will automatically be invited.

A recording will be made available on the Investor Relations section of the ITM website after the event.

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About ITM Power PLC:
ITM Power was founded in 2000 and ITM Power PLC was admitted to the AIM market of the London Stock Exchange in 2004. Headquartered in Sheffield, England, ITM Power designs and manufactures electrolysers based on proton exchange membrane (PEM) technology to produce green hydrogen, the only net zero energy gas, using renewable electricity and water.

INTERIM REVIEW

Operational update
Today, ITM is in the best operational shape it has ever been. Over the last two years, we have put our house in order to ensure readiness to scale with accelerating customer FIDs.

We managed our costs and capital allocation decisions effectively, continuously improving our operational and commercial capabilities and further advancing our technology and product portfolio. This unwavering commitment is a testament to our dedication to providing our customers with the best electrolysers and services.

- Processes and capabilities: Over the past two years, we have focused on evolving and improving our processes and capabilities in manufacturing, engineering, procurement, and field services. Every stack we manufacture must pass a comprehensive Factory Acceptance Test (FAT) before it can be deployed, and there is no better measurement of our operational improvements than how they manifest in FAT pass rates.

  We provided some insights into our FAT data at the time of our FY23 preliminary results in August 2023, and whilst we had already made significant improvements at that time, there was still more to be done. Two years ago, we faced a pass rate of less than 50%, which we have improved continuously. We are proud that our targeted efforts have propelled the pass rate of our stacks to 98% as we fulfil our commitment to the 200MW Lingen project.

- Product portfolio: Our 12-month plan included rationalising our portfolio, enabling us to focus on developing and manufacturing our core technology for real-world projects. As part of this process, we identified a gap in our product line-up, which led to the launch of NEPTUNE V, our 5MW containerised full-scope electrolyser plant, in May 2024.

  NEPTUNE V utilises ITM's proven TRIDENT stack technology. It is compact and versatile, and provides 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, complementing our 2MW containerised solution, NEPTUNE II.

  Customer interest and demand for NEPTUNE V have been phenomenal, which materialised in our first NEPTUNE V contract with Guttroff, a private German company that provides solutions for technical and medical gases, welding supplies, and engineering, and which celebrates its 100th company anniversary in 2025. This success was quickly followed by the sale of three further NEPTUNE V units in December 2024. Furthermore, we announced FEED contracts for
  50MW and 10MW of NEPTUNE V products, demonstrating the versatility to customer projects of different sizes.

- Technology development: We are differentiating ourselves from our peers by retaining all core science and manufacturing processes in-house, which maximises our value-add, provides security of supply, and enables rapid improvement and validation cycles.

  In November, we announced the conclusion of a further technical milestone, having validated an additional 40% iridium loading reduction whilst maintaining stack performance and longevity. This builds on the Company's track record of successful precious metal reduction, having already lowered loading by over 80% in the past years. ITM met the EU's 2030 precious metal loading target for PEM electrolysers already in 2019.

  The development of our next-generation Chronos stack platform remains well on track.

- Sales pipeline: Our sales pipeline has grown significantly and beyond expectations over the last two years. The market-leading NEPTUNE V product has had a notable impact on the near-term opportunities.

Income statement
Revenue for the period was £15.5m (H124: £8.9m), driven predominantly by product revenue from NEPTUNE deployments. Included within the total was income of £1.1m (H124: £1.9m) was recognised from consulting contracts.

The gross loss was £10.2m (H124: £8.1m), mainly driven by three factors. These were under-absorption of factory costs (through having unlocked increased capacity in the prior year's 12-month plan), provisioning on inventory against older generation products as our latest TRIDENT stacks achieve backwards compatibility and NEPTUNE V bridging the gap from small-scale to large-scale plants, and costs associated with on-site works.

The Company posted an adjusted EBITDA loss of £16.8m (H124: £18.1m*) for the period, which is a 7% improvement.

The loss before tax was £28.8m (H124: £15.3m), which is disclosed after exceptional costs in the period. On 15 August 2024, the Company disclosed a contingent liability around a commercial dispute in its Preliminary Results announcement. In September 2024, the Company concluded this commercial dispute with Linde/BOC Group, leading to a payment to Linde of £13.0m, in line with the Company's estimation for the loss at the time of the announcement. Whilst the dispute details remain confidential, the Board is satisfied that all historic claim risk is now settled and the ongoing relationship between ITM and Linde is strong. The payment was incorporated into cash guidance for FY25.

**The prior year results were restated. Please see notes 2 and 4*

Cash flow and balance sheet
Capital expenditure totalled £5.4m in the period (H124: £7.0m), with £3.4m (H124: £5.7m) invested in capital projects, namely factory upgrades and machinery and investment in new product development (intangible assets) of £2.0m (H124: £1.3m).

The working capital inflow in the first half was £1.0m, with receivables and payables reducing by £4.5m and £1.0m, respectively, offset by an increase in inventories of £2.6m.

Inventories held decreased to £73.0m from £76.8m in the prior year but increased from £70.4m at April 2024. The inventory has primarily been processed into finished subsystems and products, with the raw materials balance reducing from £9.4m (H124) to £7.8m (H125). This balance remains an opportunity for ITM to improve working capital through project execution.

Cash at the period end was £203m (H124: £254m), representing an outflow since the year-end of £27m, which includes a payment of £13.0m to Linde as described above, which was paid before 31 October. Finance income in the period was £5.5m (H124: £6.3m), representing an annual average interest rate of c.5%. Before exceptional items, the net outflow was halved to £14.2m, compared to £28.9m in the same period in the prior year.

Market Update

Achieving net zero requires a comprehensive transformation of the energy system, and governments worldwide are implementing policies, regulatory frameworks, and financial support mechanisms. As the only net-zero gas, green hydrogen is becoming a significant pillar of the global energy mix, whether as a feedstock in sectors such as chemicals and refining, as a fuel where electrification is not possible due to the need for high-temperature heat, or as a source of flexible power generation. Given government ambitions worldwide, supported by significant funding, the potential of the green hydrogen and electrolyser industry remains phenomenal and provides optimism for the future.

The new UK government reaffirmed support for 11 electrolytic hydrogen projects selected in the Hydrogen Allocation Round 1 (HAR1) auction last December, signalling an ongoing commitment to hydrogen. The timeframe between awards and contract signatures for HAR2 is expected to be shorter.

The EU has an ambitious strategy to position hydrogen as a cornerstone of the energy transition. Its target is to produce up to 10Mt of renewable hydrogen by 2030, requiring around 100GW of electrolyser capacity. According to the European Union Agency for the Cooperation of Energy Regulators (ACER), this equates to more than 500 times the installed capacity at the end of 2023. Within the EU, some Member States are also making significant efforts to foster, develop and promote their hydrogen markets. The European Commission awarded €4.8bn in grants to 85 net-zero projects across 18 countries, focusing on energy-intensive industries, renewable energy, hydrogen production, carbon management and sustainable mobility. Expected to reduce CO_2 emissions by 476Mt by 2030, this largest Innovation Fund allocation brings total support to €12bn, advancing the EU's Net-Zero Industry Act goals.

Germany has led the world in policy and funding support for green hydrogen. The Federal Network Agency recently approved a 9,040km hydrogen core network, set to be operational by 2032, with the first approximately 500km of pipeline announced to come online this year. The €18.9bn network will repurpose 60% of natural gas pipelines by connecting hydrogen production centres, storage, and end-users. It is supported by state guarantees and an amortisation scheme to balance early-stage low revenues. The initiative aims to advance Germany's decarbonisation, create jobs and support industrial growth, with capped user fees to keep early adoption affordable. KfW, the German development bank, has also announced that it will provide €24bn to support the construction of Germany's hydrogen core network.

US energy policy and related net-zero targets remain uncertain after the US election. The Inflation Reduction Act (IRA) has always had bi-partisan support, and much of the investment in manufacturing has been concentrated in Republican states. The Hydrogen Production Tax Credit, Section 45V, was introduced with the IRA and proposes to award up to3 per kg of hydrogen produced with low lifecycle greenhouse gas emissions. The US Treasury Department and the Internal Revenue Service (IRS) released the long-awaited 'final' rules in early January. Certain provisions within the three pillars of Incrementality, Deliverability and Time Matching have been relaxed; most notably, the implementation of hourly matching requirements has been pushed back to 2030 versus the original guidance of 2028. However, President Trump has since signed an Executive Order immediately pausing the disbursement of funding appropriated through the IRA and the Infrastructure Investment and Jobs Act (IIJA). All agencies must review their processes, policies, and programmes for issuing grants, loans, contracts, or any other financial disbursements of these appropriated funds for consistency with a set of criteria. Until the outcome is clearer, industry participants will likely hold off making material investment decisions in the US.

Board changes

Post-period end, we welcomed two new Directors to the Board, with Amy Grey starting as CFO on 6th January and Matthias von Plotho appointed as Linde's nominated Board representative, a Non-executive role. They replace Andy Allen and Jürgen Nowicki, respectively. Amy brings a wealth of experience, joining us from Sheffield Forgemasters, where she served as CFO. Before this, Amy was Vice President of Finance for Greenlane Renewables, a global provider of biogas upgrading systems. Matthias joined Linde in 2001 as Team Lead Accounting and subsequently held different positions in Finance & Controlling, and Global Head of M&A. He is currently Senior Vice President Finance EMEA at Linde Gas.

Improved financial guidance for FY25

ITM's financial performance in the first half of the year was pleasing, which allowed guidance to be refreshed positively in our trading update in December. We reiterate revenue and EBITDA whilst improving cash:

- Full-year revenue of £18m to £22m
- Adjusted EBITDA loss range between £32m and £36m
- Cash at year-end in the range of £185-195m, up from original guidance of £160-175m and previously already improved guidance of £170-180m

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Results for the six months ended 31 October 2024

	Note	Six months to 31 October 2024 (unaudited) £'000	Six months to 31 October 2023 Restated (unaudited) £'000	Year ended 30 April 2024 (audited) £'000
Revenue	3	15,534	8,883	16,509
Cost of sales		(25,722)	(17,029)	(33,173)
Gross loss		(10,188)	(8,146)	(16,664)
Administrative expenses		(23,894)	(12,778)	(22,575)
Other income - government grants		295	225	1,228
Loss from operations before exceptional items		(20,705)	(20,699)	(38,011)
Exceptional items	8	(13,082)	-	-
Loss from operations		(33,787)	(20,699)	(38,011)

Share of loss of associate companies	(2)	(260)	(291)
Finance income	5,496	6,269	12,219
Finance costs	(499)	(295)	(643)
Loss on disposal of joint venture	-	(331)	(331)
Loss before tax	(28,792)	(15,316)	(27,057)
Tax	(68)	(26)	(167)
Loss after tax	(28,860)	(15,342)	(27,224)
Other comprehensive income:			
Foreign currency translation differences on foreign operations	(142)	(152)	174
Total comprehensive loss for the period	(29,002)	(15,494)	(27,050)
Basic and diluted loss per share	(4.7p)	(2.5p)	(4.4p)
Weighted average number of shares	617,175,156	616,604,544	616,743,434

All results presented above are derived from continuing operations. The prior interim period has been restated (see Note 2).

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 at 31 October 2024 were 6,586,560 (31 October 2023: 3,858,217; 30 April 2024: 6,582,037).

CONSOLIDATED BALANCE SHEET
As at 31 October 2024

	Note	31 October 2024 (unaudited) £'000	31 October 2023 Restated (unaudited) £'000	30 April 2024 (audited) £'000
Non-current assets				
Investment in associate and joint venture		87	109	53
Intangible assets		10,965	12,130	10,174
Right of use assets		11,926	6,495	12,250
Property, plant and equipment		31,137	24,932	29,398
Financial asset at amortised cost		512	180	400
Total non-current assets		54,627	43,846	52,275
Current assets				
Inventories	5	73,000	76,825	70,417
Trade and other receivables		24,049	28,634	28,741
Cash and cash equivalents		203,134	253,749	230,348
		300,183	359,208	329,506
Current liabilities				
Trade and other payables		(67,330)	(60,500)	(68,290)
Provisions	6	(9,357)	(16,739)	(10,095)
Lease liability		(804)	(646)	(678)
Total current liabilities		(77,491)	(77,885)	(79,063)
Net current assets		222,692	281,323	250,443
Non-current liabilities				
Lease liability		(11,820)	(6,617)	(12,026)
Provisions	6	(25,283)	(38,253)	(21,974)
Total non-current liabilities		(37,103)	(44,870)	(34,000)
Net assets		240,216	280,299	268,718
Equity				
Share capital		30,869	30,844	30,849
Share premium		542,833	542,698	542,735
Merger reserve		(1,973)	(1,973)	(1,973)
Foreign exchange reserve		204	20	346
Retained loss		(331,717)	(291,290)	(303,239)
Total Equity		240,216	280,299	268,718

The prior interim period has been restated (see Note 2).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Results for the six months ended 31 October 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign Exchange reserve £'000	Retained loss £'000	Total Equity £'000
At 1 May 2024	30,849	542,735	(1,973)	346	(303,239)	268,718
Transactions with Owners						
Issue of shares	20	98	-	-	-	118
Credit to equity for share based payment	-	-	-	-	382	382
Total Transactions with Owners	20	98	-	-	382	500
Loss for the period	-	-	-	-	(28,860)	(28,860)
Other comprehensive income	-	-	-	(142)	-	(142)
Total comprehensive income	-	-	-	(142)	(28,860)	(29,002)
At 31 October 2024 (unaudited)	30,869	542,833	(1,973)	204	(331,717)	240,216
At 1 May 2023	30,823	542,593	(1,973)	172	(276,107)	295,508
Transactions with Owners						
Issue of shares	21	105	-	-	-	126
Credit to equity for share based payment	-	-	-	-	159	159
Total Transactions with Owners	21	105	-	-	159	285
Loss for the period (restated)	-	-	-	-	(15,342)	(15,342)
Other comprehensive income	-	-	-	(152)	-	(152)
Total comprehensive income	-	-	-	(152)	(15,342)	(15,494)
At 31 October 2023 restated (unaudited)	30,844	542,698	(1,973)	20	(291,290)	280,299
At 1 May 2023	30,823	542,593	(1,973)	172	(276,107)	295,508
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	-	-	-	-	(27,224)	(27,224)
Other comprehensive income	-	-	-	174	-	174
Total comprehensive income	-	-	-	174	(27,224)	(27,050)
At 30 April 2024 (audited)	30,849	542,735	(1,973)	346	(303,239)	268,718

The prior interim period has been restated (see Note 2).

CONSOLIDATED CASH FLOW STATEMENT
Results for the six months ended 31 October 2024

	Note	Six months to 31 October 2024 (unaudited) £'000	Six months to 31 October 2023 Restated (unaudited) £'000	Year ended 30 April 2024 (audited) £'000
Net cash used in operating activities	**7**	(27,012)	(27,533)	(50,581)
Investing activities				
Proceeds on sale of joint venture		-	-	1,483
Deposits paid on new leasehold assets		-	-	(496)
Purchases of property, plant and equipment		(3,441)	(5,726)	(11,967)
Proceeds on disposal of non-current assets		-	30	19
Payments for intangible assets		(1,988)	(1,279)	(2,037)
Interest received		5,483	6,263	12,203
Net cash generated from / (used in) investing activities		54	(712)	(795)
Financing activities				
Issue of ordinary share capital		118	126	167
Payment of lease liabilities		(383)	(645)	(1,058)
Net cash used in financing activities		(265)	(519)	(891)
Decrease in cash and cash equivalents		(27,223)	(28,764)	(52,267)
Cash and cash equivalents at the beginning of period		230,348	282,557	282,557
Effect of foreign exchange rate changes		9	(44)	58

Cash and cash equivalents at the end of period	203,134	253,749	230,348

The prior interim period has been restated (see Note 2).

The interim summary accounts were approved by the board of Directors on 30 January 2025.

Notes to the interim summary accounts

1. Basis of preparation of interim figures

These interim summary accounts have been prepared using accounting policies consistent with UK-adopted international accounting standards, with the requirements of the Companies Act 2006. Whilst the financial information has been compiled in accordance with the recognition and measurement principles of UK-adopted international accounting standards (IFRSs), it does not contain sufficient information to comply with IFRSs. This interim financial information does not constitute statutory financial statements within the meaning of section 435 of the Companies Act 2006.

The financial information has been prepared on the historical cost basis. The principal accounting policies adopted by the Group are as applied in the Group's latest audited financial statements.

As permitted, this interim report has been prepared in accordance with the AIM rules and not in accordance with IAS 34 "Interim financial reporting".

The information relating to the year ended 30 April 2024 has been extracted from the Group's published financial statements for that year, which contain an unqualified audit report that does not draw attention to any matters of emphasis, and did not contain statements under section 498(2) and 498(3) of the Companies Act 2006 and which have been filed with the Registrar of Companies.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at the year ended 30 April 2024.

Going Concern

The Directors have prepared a cash flow forecast for the period ending 31 January 2026. This forecast indicates that the Group and parent company would expect to remain cash positive without the requirement for further fund raising based on delivering the existing pipeline, for a period of at least 12 months from the date of approval of these summary accounts.

By the end of the period analysed, the Group expect to hold funds sufficient to trade for a minimum of a further year if the business continued to operate in a similar way beyond the forecast period.

This cash flow forecast has also been stress tested. As a worst-case scenario, if all payments had to continue as forecast while receipts were not received at all, the business would remain cash positive for the full twelve months from the date of approval of these summary accounts.

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

2. Restatement of prior interim period

The prior interim period has been restated to remove a general accrual based on budgeted items (£2,873,000) that were not undertaken and therefore did not meet the criteria for recognition as liabilities under IFRS 9. This has reduced the administrative expenses in the income statement and therefore reduced the reported loss (£15.3m instead of the reported £18.2m after tax). It has also reduced trade and other payables on the balance sheet and so the net assets value is now increased (£280.3m instead of the reported £277.4m). The accrual had already been removed by year end. The loss per share and diluted loss per share have also been restated, at 2.5p (against a previously-reported 3.0p).

3. Revenue and other operating income

An analysis of the Group's revenue is as follows:

	Six months to 31 October 2024 (unaudited) £'000	Six months to 31 October 2023 (unaudited) £'000	Year ended 30 April 2024 (audited) £'000
Revenue from product sales recognised over time	-	-	75
Revenue from product sales recognised at point in time	13,820	4,892	8,144
Consulting contracts recognised at point in time	1,072	1,883	5,040
Maintenance contracts recognised at point in time	208	480	1,498
Fuel sales	94	117	216
Other	340	1,511	1,536

Other	340	1,311	1,536
Revenue in the Consolidated Income Statement	**15,534**	**8,883**	**16,509**
Grant income (claims made for projects)	24	-	401
Other government grants (R&D claims)	271	225	827
Grant income in the Consolidated Income Statement	**295**	**225**	**1,228**
	15,829	**9,108**	**17,737**

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.

REVENUES FROM MAJOR PRODUCTS AND SERVICES

The Group's revenues from its major products and services were as follows:

	Six months to 31 October 2024 (unaudited) £'000	Six months to 31 October 2023 (unaudited) £'000	Year ended 30 April 2024 (audited) £'000
Power	74	19	253
Transport	251	2,545	2,764
Industry	13,896	4,241	7,275
Other	1,313	2,078	6,217
	15,534	**8,883**	**16,509**

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

GEOGRAPHIC ANALYSIS OF REVENUE

A geographical analysis of the Group's revenue is set out below:

	Six months to 31 October 2024 (unaudited) £'000	Six months to 31 October 2023 (unaudited) £'000	Year ended 30 April 2024 (audited) £'000
United Kingdom	985	1,912	5,900
Germany	11,966	2,582	6,028
Austria	20	1,660	1,659
Rest of Europe	754	908	996
Israel	38	-	-
United States	94	117	216
Australia	5	1,704	1,710
Japan	1,672	-	-
	15,534	**8,883**	**16,509**

The following accounted for more than 10% of total revenue:

	Six months to 31 October 2024 (unaudited) £'000	Six months to 31 October 2023 (unaudited) £'000	Year ended 30 April 2024 (audited) £'000
Customer A	10,753	N/A	N/A
Customer B	<10%	1,698	4,490
Customer C	<10%	<10%	3,121
Customer D	<10%	1,266	<10%
Customer E	N/A	1,660	1,659
Customer F	N/A	1,316	<10%
Customer G	<10%	903	<10%
Customer H	N/A	1,064	<10%
Customer I	1,672	N/A	N/A

4. Calculation of Adjusted EBITDA

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

	Six months to 31 October 2024 (unaudited) £'000	Six months to 31 October 2023 Restated (unaudited) £'000	Year ended 30 April 2024 (audited) £'000
Loss from operations	(33,787)	(20,699)	(38,011)
Add back:			
Depreciation	2,329	1,766	4,008
Amortisation	1,188	624	1,921
Loss on disposal of property, plant and equipment	-	39	126
Impairment	-	-	1,417
Non-underlying share-based payment charge	403	159	149
Exceptional Items (see Note 8)	13,083	-	-
	(16,784)	(18,111)	(30,390)

The prior interim period has been restated (see Note 2).

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 industrywide comparison, and includes removing the effect of certain annual changes such as non-underlying share-based payments, identified above.

5. Inventories

	October 2024 £'000	October 2023 £'000	April 2024 £'000
Raw Materials	7,761	9,367	10,257
Work in progress	65,239	67,458	60,160
	73,000	76,825	70,417

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 are stated after a provision for impairment of £27.9 million (October 2023: £21.0 million; April 2024: £23.6 million).

In addition to the above inventory provisions, 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.

6. Provisions

Half year to October 2024	Leasehold Property Provision £'000	Warranty £'000	Provision for contract losses £'000	Other Provisions £'000	Employers' National Insurance Provision £'000	Total Provisions £'000
Balance at 1 May 2024	(1,109)	(3,431)	(19,852)	(7,272)	(405)	(32,069)
Provision created in the period	(33)	(77)	(748)	(497)	(26)	(1,381)
Use of the provision	-	18	1,158	64	18	1,258
Transfer between provisions	-	(111)	111	-	-	-
Transfer from inventory	-	-	(4,734)	-	-	(4,734)
Release in the period	-	83	1,006	1,197	-	2,286
Balance at 31 October 2024	(1,142)	(3,518)	(23,059)	(6,508)	(413)	(34,640)
In the balance sheet:						
Expected within 12 months (current)	-	(2,032)	(1,878)	(5,034)	(413)	(9,357)
Expected after 12 months (non-current)	(1,142)	(1,486)	(21,181)	(1,474)	-	(25,283)

Half year to October 2023	Leasehold Property Provision £'000	Warranty £'000	Provision for contract losses £'000	Other Provisions £'000	Employers' National Insurance Provision £'000	Total Provisions £'000
Balance at 1 May 2023	(896)	(3,854)	(42,630)	(5,326)	(215)	(52,921)
Provision created in the period	(23)	(249)	(11,645)	(2,049)	-	(13,966)
Use of the provision		[illegible]	[illegible]		[illegible]	[illegible]

Use of the provision	-	452	11,396	-	21	11,869
Transfer between provisions	-	(161)	161	-	-	-
Release in the period	-	-	-	-	26	26
Balance at 31 October 2023	(919)	(3,812)	(42,718)	(7,375)	(168)	(54,992)
In the balance sheet:						
Expected within 12 months (current)	-	(2,979)	(7,211)	(6,549)	-	(16,739)
Expected after 12 months (non-current)	(919)	(833)	(35,507)	(826)	(168)	(38,253)

Full year to April 2024	**Leasehold Property Provision**	**Warranty**	**Provision for contract losses**	**Other Provisions**	**Employers' National Insurance Provision**	**Total Provisions**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 May 2023	(896)	(3,854)	(42,630)	(5,326)	(215)	(52,921)
Provision created in the period	(213)	(344)	(10,734)	(4,524)	(261)	(16,076)
Use of the provision	-	-	27,695	-	71	27,766
Release in the period	-	767	5,817	2,578	-	9,162
Balance at 31 October 2023	(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 of the present value of the dilapidations work that may be required to return our leased buildings to the landlords at the end of the lease term. The discount applied to this is amortising over the lease term. Although we took on the lease of the unit next door in last financial year, no provision for dilapidations has been recognised so far; 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 and additional on-site engineering works. 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 overruns on contracts with customers. The release in the year is attributable to renegotiations of contract terms. The provision also represents management's best current estimate of monies that could be refundable to grant bodies for non-completion of works.

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

7. Notes to the Cashflow Statement

	Six months to 31 October 2024 (unaudited)	**Six months to 31 October 2023 Restated (unaudited)**	**Year ended 30 April 2024 (audited)**
	£'000	**£'000**	**£'000**
Loss from operations	(33,787)	(20,699)	(38,011)

Adjustments:			
Depreciation of property, plant and equipment	2,332	1,766	4,008
Loss on disposal of property, plant and equipment	-	39	126
Impairment	-	-	1,417
Amortisation	1,189	624	1,921
Share based payment (as seen through equity)	382	159	92
Foreign exchange on intercompany transactions	(178)	(112)	176
Operating cash flows before movements in working capital	(30,062)	(18,223)	(30,271)
Increase in inventories	(2,583)	(17,985)	(11,577)
Decrease / (increase) in receivables	4,521	(7,458)	(9,219)
(Decrease) / increase in payables	(959)	14,419	22,209
Increase / (decrease) in provisions	2,542	2,048	(21,056)
Cash used in operations	(26,541)	(27,199)	(49,914)
Interest paid	(471)	(272)	(605)
Income taxes paid	-	(62)	(62)
Net cash used in operating activities	(27,012)	(27,533)	(50,581)

Cash Burn

Cash burn is a measure used by key management personnel to monitor the performance of the business.

	Six months to 31 October 2024 (unaudited) £'000	**Six months to 31 October 2023 (unaudited) £'000**	**Year ended 30 April 2024 (audited) £'000**
Decrease in Cash and Cash equivalents per the cash flow statement	(27,223)	(28,764)	(52,267)
Effect of foreign exchange rates	9	(44)	58
Less share issue proceeds (net)	(118)	(126)	(167)
Cash Burn	(27,332)	(28,934)	(52,376)

8. Related Parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. All related party transactions which were not intra-group have been conducted at arm's length.

In the last financial year, the Group disclosed a contingent liability around a commercial dispute. During the year, the Group reached the conclusion of the commercial dispute with Linde/BOC Group, represented on the Board by J Nowicki, leading to a payment to Linde of £13.0m. Whilst the details of the dispute remain confidential, the Directors are satisfied that all historic claim risk is now settled. We have shown these costs, together with related professional fees, as exceptional items in the income statement.

During the period purchases from Linde/BOC Group totalled £0.1m (H1 2024: £0.3m; YE 2024: £0.7m) with £0.02m outstanding for payment at period-end (H1 2024: £0.1m; YE 2023 £43,000). There were also milestone billings on sales contracts of £9.4m (H1 2024: £6.8m; YE 2023: £25.2m) with £6.1m outstanding (H1 2024: £1.9m; YE 2024: £13.5m).

There were stage payments of £nil (H1 2024: £Nil; YE 2024: £0.2m), and £Nil remained outstanding from ITM Linde Electrolysis GmbH at period end (H1 2024: £0.7m; YE 2024: £Nil). However, the Group continued to pay for the hosting of ILE's website.

9. Subsequent events

There have been no subsequent events to report.

Independent review report to ITM Power PLC

Conclusion

We have been engaged by ITM Power PLC (the 'company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2024 which comprises the statements in the half-yearly financial report for the six months ended 31 October 2024 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of changes in Equity, the Consolidated Cash Flow Statement and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2024 is not prepared, in all material respects, in accordance with the recognition and measurement principles of UK-adopted International Accounting Standards and the AIM rules for Companies.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 3, the annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the basis of preparation in note 1.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE (UK), however future events or conditions may cause the entity to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group'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 financial resources or ability to continue operations over the going concern period.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the recognition and measurement principles of UK-adopted international accounting standards and the AIM rules for Companies which require that the half-yearly financial report be presented and prepared in a form consistent with that which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

In preparing the half-yearly financial report, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report.

Our conclusion, including our Conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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 for our review work, for this report, or for the conclusion we have formed.

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Sheffield

29 January 2025

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