

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom, or if you are taking advice in another jurisdiction, from an appropriately authorised independent professional adviser.**

If you have sold or otherwise transferred all of your Ordinary Shares in ITM Power plc prior to the date on which the shares are marked 'ex-entitlement' you should deliver this document together with the enclosed Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, this document and the accompanying documents should not be sent or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations. If you have sold or otherwise transferred only part of your holding of your Ordinary Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

**This document does not constitute an offer, invitation or solicitation to buy, acquire or subscribe for Firm Placed Shares. This document is not a prospectus for the purposes of the Prospectus Rules and has not been approved by the UK Financial Conduct Authority (in its capacity as the UK Listing Authority or otherwise) pursuant to sections 85 and 87 of FSMA. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.**

**The Existing Ordinary Shares are admitted to trading on AIM. Application will be made for the Firm Placed Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence in the Firm Placed Shares by 8.00 a.m. on 17 February 2017.**

**AIM is a market designed primarily for emerging and smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UK Listing Authority have examined or approved the contents of this document. This document does not constitute a recommendation regarding securities of the Company.**

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# ITM POWER PLC

*(Incorporated and registered in England and Wales with registered number 05059407)*

**Firm Placing of 33,720,203 Firm Placed Shares at 17 pence per share**

**and**

**Notice of General Meeting**

**Zeus Capital Limited**

***Nominated Adviser, Financial Adviser and Broker***

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

**Notice of a General Meeting of the Company to be held at the offices of Burges Salmon LLP, 6 New Street Square, London EC4A 3BF on 16 February 2017 at 11.00 a.m. is set out at the end of this document. A Form of Proxy for use at the meeting is enclosed with this document and should be returned as soon as possible and in any event so as to be received by the Company's registrars, Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, BR3 4TU by not later than 11.00 a.m. on 14 February 2017. Completion and posting of the Form of Proxy will not prevent a shareholder from attending and voting in person at the General Meeting.**

The Firm Placed Shares to be issued will, following their issue, rank *pari passu* with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

**The Firm Placed Shares have not been, nor will be, registered under the US Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan. Shareholders outside the UK and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.**

Zeus Capital Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, financial adviser and broker to the Company in relation to the Firm Placing and Admission and is not acting for any other persons in relation to the Firm Placing and Admission. Zeus Capital Limited is acting exclusively for the Company and for no one else in relation to the matters described in this document and is not advising any other person and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Zeus Capital Limited, or for providing advice in relation to the contents of this document or any matter referred to in it. The responsibilities of Zeus Capital Limited as the Company's nominated adviser and broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person, in respect of his decision to acquire shares in the capital of the Company in reliance on any part of this document, or otherwise.

No liability is accepted by Zeus Capital Limited nor does it make any representation or warranty, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Firm Placing and Admission and accordingly Zeus Capital Limited disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document or any such statement, to the maximum extent permitted by law and the regulations to which it is subject. Zeus Capital Limited has not authorised the contents, or any part, of this document. Zeus Capital Limited may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Ordinary Shares (including the Firm Placed Shares) and/or related instruments for its own account for the purposes of hedging any underwriting exposure or otherwise. Except as required by applicable law or regulation, Zeus Capital Limited does not propose to make any public disclosure in relation to any such transactions.

This document contains (or may contain) certain forward-looking statements with respect to the Group and certain of its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards ("IFRS") applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Group's control. As a result, the Company's actual future results may differ materially from the plans, goals and expectations set forth in the Company's forward-looking statements. Any forward-looking statements made in this document by or on behalf of the Company speak only as at the date they are made. Except as required by the FCA, the London Stock Exchange or applicable law, the Company, Zeus Capital Limited and their respective directors, officers, employees, agents, managers, members and partners expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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## DIRECTORS AND ADVISERS

<b>Directors</b>	Professor Roger Putnam Dr Graham Cooley Dr Simon Bourne Dr Rachel Smith Lord Roger Freeman Peter Hargreaves Sir Roger Bone Robert Pendlebury	<i>(Non-Executive Chairman)</i> <i>(Chief Executive Officer)</i> <i>(Chief Technology Officer)</i> <i>(Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i>
<b>Company Secretary</b>	Andrew Allen	<i>(Company Secretary and Chief Financial Officer)</i>
<b>Registered Office</b>	22 Atlas Way Sheffield South Yorkshire S4 7QQ	
<b>Nominated Adviser and Broker</b>	Zeus Capital Limited 82 King Street Manchester M2 4W0	
	and	
	41 Conduit Street London W1S 2Y0	
<b>Solicitors to the Company</b>	Burgess Salmon LLP One Glass Wharf Bristol BS2 0ZX	
<b>Solicitors to the Nominated Adviser and Broker</b>	Marriott Harrison LLP 11 Staple Inn London WC1V 7QH	
<b>Registrars</b>	Capita Asset Services The Registry 34 Beckenham Road Beckenham BR3 4TU	

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Firm Placing	26 January 2017
Despatch of the Circular and the Form of Proxy	27 January 2017
Latest time and date for receipt of Forms of Proxy for the General Meeting	11.00 a.m. on 14 February 2017
General Meeting	11.00 a.m. on 16 February 2017
<b>Admission of the Firm Placed Shares to trading on AIM</b>	<b>8.00 a.m. on 17 February 2017</b>
Firm Placed Shares in uncertificated form expected to be credited to accounts in CREST (uncertificated holders only)	as soon as practicable after 8.00 a.m. on 17 February 2017
Expected date of despatch of definitive share certificates for the Firm Placed Shares in certificated form (certificated holders only)	within 10 Business Days of Admission

### Notes:

- (1) Each of the times and dates set out in the above timetable and mentioned in this document is subject to change by the Company (with the agreement of Zeus Capital Limited), in which event details of the new times and dates will be notified to the London Stock Exchange and the Company will make an appropriate announcement to a Regulatory Information Service.
- (2) References to times in this document are to London times unless otherwise stated.
- (3) Different deadlines and procedures for applications may apply in certain cases.
- (4) Assumes that resolutions 1 and 3 of the Resolutions that are set out in the Notice of General Meeting are passed.

## FIRM PLACING STATISTICS

Issue Price per Firm Placed Share	17.00 pence
Market price per Existing Ordinary Share <sup>1</sup>	17.62 pence
Discount to the market price of an Existing Ordinary Share <sup>2</sup>	3.52 per cent.
Number of Ordinary Shares in issue as at the Latest Practicable Date	216,892,973
Number of Firm Placed Shares to be issued by the Company pursuant to the Firm Placing	33,720,203
Gross proceeds of the Firm Placing	£5.7 million
Number of Ordinary Shares in issue immediately following completion of the Firm Placing	250,613,176
Firm Placed Shares as a percentage of the Enlarged Share Capital	13.46 per cent.

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<sup>1</sup> Closing Price on AIM on the Latest Practicable Date.

<sup>2</sup> Being the percentage discount which the Issue Price represents to the Closing Price on the Latest Practicable Date.

## DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

<b>Act</b>	the Companies Act 2006;
<b>Admission</b>	admission of the Firm Placed Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
<b>AIM</b>	the AIM market operated by the London Stock Exchange;
<b>AIM Rules</b>	the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers (as the context may require);
<b>AIM Rules for Companies</b>	the rules of AIM as set out in the publication entitled 'AIM Rules for Companies' published by the London Stock Exchange from time to time;
<b>AIM Rules for Nominated Advisers</b>	the rules of AIM as set out in the publication entitled 'AIM Rules for Nominated Advisers' published by the London Stock Exchange from time to time;
<b>Board or Directors</b>	the board of directors of the Company for the time being;
<b>Business Day</b>	any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading;
<b>Capita Asset Services</b>	a trading name of Capita Registrars Limited, a company incorporated in England and Wales with registered number 02605568 and having its registered office at The Registry, Beckenham, Kent BR3 4TU;
<b>certificated or in certificated form</b>	the description of a share or other security which is not in uncertificated form (that is not in CREST);
<b>Circular or this document</b>	this document dated 27 January 2017;
<b>Closing Price</b>	the closing middle market quotation of an Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange;
<b>Company or ITM Power plc</b>	ITM Power plc, a company incorporated in England and Wales with registered number 05059407 and having its registered office at 22 Atlas Way, Sheffield, South Yorkshire S4 7QQ;
<b>CREST</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
<b>CREST Manual</b>	the compendium of documents entitled "CREST Manual" issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules (including CREST Rule 8), the CCSS Operations Manual and the CREST Glossary of Terms;
<b>CREST member</b>	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
<b>CREST participant</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);

<b>CREST Proxy Instruction</b>	the appropriate CREST message made to appoint a proxy, properly authenticated in accordance with Euroclear's specifications;
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001;
<b>CREST sponsor</b>	a CREST participant admitted to CREST as a CREST sponsor;
<b>CREST sponsored member</b>	a CREST member admitted to CREST as a sponsored member;
<b>Enlarged Share Capital</b>	the issued share capital of the Company immediately following Admission;
<b>EU</b>	the European Union;
<b>Euroclear</b>	Euroclear UK & Ireland Limited;
<b>Existing Issued Share Capital</b>	the issued share capital of the Company as at the Latest Practicable Date;
<b>Existing Ordinary Shares</b>	the 216,892,973 Ordinary Shares in issue as at the Record Date;
<b>FCA</b>	the UK Financial Conduct Authority;
<b>Firm Placees</b>	the persons who have agreed to subscribe for the Firm Placed Shares;
<b>Firm Placed Shares</b>	the 33,720,203 new Ordinary Shares to be issued by the Company under the Firm Placing;
<b>Firm Placing</b>	the placing of the Firm Placed Shares with the Firm Placees pursuant to the Firm Placing Agreement;
<b>Firm Placing Agreement</b>	the agreement dated 26 January 2017 between the Company and Zeus Capital Limited relating to the Firm Placing, details of which are set out in paragraph 7 of Part I of this document;
<b>Form of Proxy</b>	the form of proxy accompanying this document relating to the General Meeting;
<b>FSMA</b>	the UK Financial Services and Markets Act 2000, as amended;
<b>General Meeting or GM</b>	the general meeting of the Company, notice of which is set out at the end of this document, and including any adjournment(s) thereof;
<b>Group or ITM</b>	the Company and/or its subsidiary undertakings at the date of this document (as defined in sections 1159 and 1160 of the Act);
<b>Issue Price</b>	17 pence per Firm Placed Share;
<b>JCB</b>	Valebond Consultants Limited (a company wholly owned by Jo Bamford) together with J.C.B. Research

<b>Latest Practicable Date</b>	means 5.00 p.m. on 25 January 2017, being the latest practicable date prior to the announcement by the Company of its intention to undertake the Firm Placing;
<b>London Stock Exchange</b>	London Stock Exchange plc;
<b>Notice of General Meeting</b>	the notice of General Meeting, set out in Part II of this document;
<b>Options</b>	options granted by the Company over unissued Ordinary Shares pursuant to employee share option schemes and rights to subscribe for shares pursuant to employee and non-executive long term incentive plans put in place by the Company;
<b>Optionholders</b>	the employees of the Company (including Directors) who hold Options;
<b>Ordinary Shares</b>	ordinary shares of 5 pence each in the capital of the Company;
<b>Participant ID</b>	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
<b>Prospectus Rules</b>	the Prospectus Rules published by the FCA;
<b>Record Date</b>	5.00 p.m. on 25 January 2017;
<b>Registrars</b>	Capita Asset Services, a trading name of Capita Registrars Limited;
<b>Regulatory Information Service or RNS</b>	has the meaning given in the AIM Rules for Companies;
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting which are set out in full in the Notice of General Meeting;
<b>Shareholders</b>	holders of Existing Ordinary Shares;
<b>uncertificated</b>	recorded on a register of securities maintained by Euroclear in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>UK or United Kingdom</b>	the United Kingdom of England, Scotland, Wales and Northern Ireland;
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
<b>US Securities Act</b>	the US Securities Act of 1933, as amended;
<b>Zeus Capital or Zeus Capital Limited</b>	Zeus Capital Limited, a company incorporated in England and Wales with registered number 04417845 and having its registered office at 82 King Street, Manchester M2 4WQ; and
<b>£ or sterling</b>	pounds sterling, the legal currency of the United Kingdom.

## PART I

### LETTER FROM THE CHAIRMAN OF ITM POWER PLC



*Incorporated and registered in England and Wales with registered number 05059407*

*Directors:*

Professor Roger Putnam *(Non-Executive Chairman)*  
Dr Graham Cooley *(Chief Executive Officer)*  
Dr Simon Bourne *(Chief Technology Officer)*  
Dr Rachel Smith *(Executive Director)*  
Lord Roger Freeman *(Non-Executive Director)*  
Peter Hargreaves *(Non-Executive Director)*  
Sir Roger Bone *(Non-Executive Director)*  
Robert Pendlebury *(Non-Executive Director)*

*Registered office:*

22 Atlas Way  
Sheffield  
S4 7QQ  
South Yorkshire

27 January 2017

*To Shareholders and, for information only, to the holders of Options*

### **Firm Placing of 33,720,203 Firm Placed Shares at 17 pence per Firm Placed Share and Notice of General Meeting**

#### **1. Introduction**

The Company announced on 26 January 2017 that it proposes to undertake a Firm Placing to raise approximately £5.7 million (before expenses) through the issue of Firm Placed Shares at an issue price of 17 pence per Firm Placed Share.

The Issue Price represents a discount of 3.52 per cent. to the Closing Price on the Latest Practicable Date. Application will be made to the London Stock Exchange for the Firm Placed Shares to be admitted to trading on AIM. It is expected that Admission will occur on 17 February 2017. The Firm Placing is conditional, *inter alia*, on the passing of certain resolutions at the General Meeting.

The purpose of this letter is to set out the background to, and the reasons for, the Firm Placing. It explains why the Directors consider the Firm Placing to be in the best interests of the Company and its Shareholders as a whole. It also recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do themselves in respect of their own beneficial shareholdings.

Shareholder approval will be sought in respect of the Firm Placing at the General Meeting which is convened for 11.00 a.m. on 16 February 2017 at the offices of Burges Salmon LLP, 6 New Street Square, London EC4A 3BF.

Your attention is drawn to the Notice of General Meeting contained at the end of this document and paragraphs 8 and 9 of this letter which explain the purpose of the General Meeting and action to be taken by you in relation to the Notice of General Meeting.

#### **2. Overview of ITM**

ITM manufactures integrated hydrogen energy solutions which offer rapid response and high pressure delivery designed to meet the requirements for grid balancing and energy storage services, and for the production of clean fuel for transport, renewable heat and chemicals. The Group operates through two principal divisions:

- (a) power to gas energy storage: the Group's 'Power-to-Gas' model is a commercial proposition which offers utility companies energy storage options. ITM provides grid balancing services, converting excess energy in the power network into hydrogen for injection into the gas network.

ITM delivered the world's first Proton Exchange Membrane Power-to-Gas plant in 2013 and supplied a second Power-to-Gas system to RWE in 2015. More recently, the Group received its first order for Power to Gas equipment from National Grid.

The Group considers it has a competitive advantage for Power to Gas systems because it can offer sub-one second response times ("rapid response") for full system turn on and turn off; and because this rapid response electrolysis can be offered at pressure up to 80 bar.

- (b) clean fuel: the Group's refuelling model incorporates the work of national hydrogen infrastructure initiatives to support the growth of hydrogen as a transport fuel, for use in cars and buses initially, with further transport applications in the future. ITM has existing commercial fuel contracts with a number of companies, and in 2016 opened two refueling stations in London as part of the HyFive programme, a programme funded by the Fuel Cell and Hydrogen Joint Undertaking. ITM Power has also delivered its first refueling station to a Shell forecourt which is intended to open to the public in quarter one of 2017.

The Group has won contracts to supply on-site hydrogen generation equipment for refuelling in both the UK and California, building or to build nine stations in the UK and two in the US.

In March 2015 the Company received a strategic investment of £4.9 million from JCB, to fund working capital and projects under contract. In February 2016 JCB invested a further £1.2 million into the Company through the open offer announced in January 2016. JCB is the world's third largest construction equipment manufacturer by volume.

### **3. Background to and reasons for the Firm Placing and use of proceeds**

As at 24 January 2017 ITM had £16.98 million of projects under contract and a further £1.37 million in the later stages of negotiation (£18.35 million in total). A number of these projects are commercial agreements requiring upfront expenditure from the Company, with the corresponding income typically received towards the end of the contract, providing a working capital shortfall during the earlier stages of the agreement.

The Directors intend to use the proceeds of the Firm Placing to:

- generate working capital to support the project order book;
- move toward achieving a positive cash flow position; and
- strengthen the Company's balance sheet, to assist in meeting tender requirements, in particular with regards to obtaining upfront payment terms from customers.

Cash flow remains a key consideration for the Board, and the presiding financial objective for ITM is the achievement of a positive cash flow in the medium term. To manage working capital demands and mitigate the impact of existing projects with cash receipts towards the end of the contractual agreement, the Company is seeking a move towards quoting for potential sales with upfront payment terms, thus reducing the initial working capital outlay of such commercial projects. On certain projects, working capital is also enhanced through working with, and receiving support from, partners on the development of technology.

### ***Continued Product Development***

The Directors' immediate objective in terms of product development is to focus on the scale up of proven electrolysis equipment, allowing penetration of larger markets. The Directors believe this approach to be a direct response to market demand from sales enquiries, trade fairs and marketing events. Product development, and in particular upscaling of product offering, is expected to be achieved through securing and utilising project funding. The Company intends to launch designs for potential 100MW systems for applications in the chemical and large utility industry at the Hannover Messe in April 2017, utilising scale up of existing ITM technologies.

#### **4. Current trading and outlook**

On 26 January 2017 the Company announced its interim results for the six month period to 31 October 2016. The Group has recognised total revenue and grant funding of £2.97 million in the period and currently has £16.98 million of projects under contract with a further £1.37 million of contracts in the later stages of negotiation, making a total pipeline of £18.35 million. In the 2016 calendar year, orders have totalled £15.68 million, representing an increase of 100 per cent. year on year. Given the current contracted order book, the Directors remain confident of delivering full year results in line with market expectations.

A copy of the interim results is available on the Company's website at [www.itm-power.com](http://www.itm-power.com). Highlights of the interim results compared to those for the six month period to 31 October 2015 include:

##### **Key Commercial Progress in 2016**

- National Physics Laboratory (NPL) & The Centre for Engineering and Manufacturing Excellence (CEME) refuelling sites now open in London as part of the HyFive project.
- Upgrade completed to M1 Hydrogen refuelling station in Rotherham.
- H2ME2 grant awarded to continue to extend the network of refueling stations in the UK.
- Stations on Shell forecourts at Cobham and Beaconsfield already underway.
- Fuel contracts signed with Arcola Energy, Commercial Group and Arval.
- A further £3.1 million of products under contract secured making a current total of £16.98 million under contract and a total pipeline of £18.35m.
- Sale of 1.25MW electrolyser to major EPC.
- UK Power-to-Gas project awarded.
- Fuel contracts signed with Anglo American, Europcar UK and Hyundai.

##### **Key Financial Results for the six months ended 31 October 2016**

- Total revenue and grant funding of £2.97 million (2015: £3.45 million), down 14 per cent., reflecting the early stages of build projects during which there is relatively little revenue recognition:
  - Revenue – £0.4 million (2015: £0.66 million), down 39 per cent.
  - Grant income – £1.62 million (2015: £1.37 million), up 18 per cent.
  - Grants receivable for Capital Projects – £0.95 million (2015: £1.42 million), down 33 per cent.
- Increase in fixed assets to £3.8 million (2015: £3.13 million), up 21 per cent.
- Loss from operations £2.27 million (2015: £3.17 million), improved by 28 per cent.
- Cash burn of £1.61 million (2015: £3.98 million), decreased by 59 per cent.
- Cash balance of £1.7 million at period end (2015: £2.60 million)
- Debtors balances of £9.2 million (2015: £5.14), up 79 per cent.
- Debtors balance comprises substantially of balances from the California energy commission, UK government, and the EU Joint undertaking, but also balances paid in advance to suppliers.

##### **Corporate Development**

- New Managing Director, Calum McConnell, appointed in Germany to replace Phil Doran who is relocating to Scotland.

## **5. Details of the Firm Placing**

### **Structure**

The Directors have given careful consideration as to the structure of the proposed fundraising and have concluded that the Firm Placing is the most suitable option available to the Company and its Shareholders at this time.

33,720,203 Firm Placed Shares will be issued through the Firm Placing at 17 pence per Firm Placed Share to raise gross proceeds of approximately £5.7 million.

The Board considered undertaking an open offer of new Ordinary Shares to holders of Existing Ordinary Shares in conjunction with the Firm Placing. However, due to constraints placed upon the Company under the Prospectus Rules and FSMA the Company would be unable to undertake an open offer at this time without incurring the additional expense of preparing and publishing a prospectus. Accordingly the Board believes it is in the best interests of the Company and its shareholders at this time for the Company to proceed with the Firm Placing alone.

### **Principal terms of the Firm Placing**

The Company is proposing to issue 33,720,203 Firm Placed Shares pursuant to the Firm Placing. In accordance with the terms of the Firm Placing Agreement, Zeus Capital has, as agent for the Company, conditionally placed, with institutional and other investors, the Firm Placed Shares at the Issue Price to raise approximately £5.7 million.

The Firm Placing is not being underwritten.

Under the Firm Placing Agreement, the Company has agreed to pay to Zeus Capital a fixed sum together with a commission based on the aggregate value of certain of the Firm Placed Shares placed at the Issue Price and the costs and expenses of the Firm Placing together with any applicable VAT.

### **Conditionality**

The Firm Placing is conditional, *inter alia*, upon the following:

- the passing, without amendment, of resolutions 1 and 3 of the Resolutions at the General Meeting;
- Admission occurring by no later than 8.00 a.m. on 17 February 2017 (or such later times and/or dates as may be agreed between the Company and Zeus Capital, being no later than 5.00 p.m. on 31 March 2017); and
- the Firm Placing Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms.

If the conditions set out above are not satisfied or waived (where capable of waiver), the Firm Placing will lapse and the Firm Placed Shares will not be issued and all monies received from investors in respect of the Firm Placed Shares will be returned to them (at the investors' risk and without interest) as soon as possible thereafter.

### **Application for Admission**

Application will be made to the London Stock Exchange for the Firm Placed Shares to be admitted to trading on AIM. Admission of the Firm Placed Shares is expected to take place, and dealings on AIM are expected to commence, at 8.00 a.m. on 17 February 2017 (or such later time and/or dates as may be agreed between the Company and Zeus Capital). No temporary document of title will be issued.

The Firm Placed Shares will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares in issue at the date of this document and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares after Admission.

## **6. Effect of the Firm Placing**

Upon completion of the Firm Placing the Firm Placed Shares will represent approximately 13.46 per cent. of the Enlarged Share Capital.

## **7. The Firm Placing Agreement**

Pursuant to the terms of the Firm Placing Agreement, Zeus Capital, as agent for the Company, has agreed to use its reasonable endeavours to procure subscribers for the Firm Placed Shares at the Issue Price. The Firm Placing Agreement is conditional upon, among other things, the conditions set out above (please see 'conditionality' in paragraph 5 of this Part I) and none of the warranties or undertakings given to Zeus Capital prior to Admission being or becoming untrue, inaccurate or misleading in any material respect.

The Firm Placing Agreement contains customary warranties given by the Company in favour of Zeus Capital in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Zeus Capital (and its affiliates) in relation to certain liabilities which they may incur in respect of the Firm Placing.

Zeus Capital has the right to terminate the Firm Placing Agreement in certain circumstances prior to Admission. In particular, in the event of a material breach of the warranties or a material adverse change or if the Firm Placing Agreement does not become unconditional.

## **8. General Meeting**

The General Meeting of the Company, notice of which is set out at the end of this document, is to be held at 11.00 a.m. on 16 February 2017 at the offices of Burges Salmon LLP, 6 New Street Square, London EC4A 3BF. The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions to approve the Firm Placing.

A summary and explanation of the Resolutions is set out below. Please note that this is not the full text of the Resolutions and you should read this section in conjunction with the Resolutions contained in the Notice of General Meeting at the end of this document.

If either Resolution 1 or 3 is not passed at the General Meeting or an adjourned meeting by the date specified in the Firm Placing Agreement the conditions of the Firm Placing Agreement will not be satisfied.

### ***Resolution 1: Authority to allot shares***

This ordinary resolution will grant the Directors authority to allot the Firm Placed Shares for the purposes of the Firm Placing. The authority given by this Resolution will expire 90 days after the date of the passing of the Resolution. This authority will be in addition to that given to the Directors pursuant to Resolution 2.

### ***Resolution 2: Authority to allot shares***

Conditional on the passing of Resolution 1, Resolution 2 renews the authority of the Directors to allot Ordinary Shares (or to grant rights to subscribe for or convert any securities into Ordinary Shares) for:

- (a) up to a maximum nominal amount of £4,176,887 which represents approximately one-third of the Enlarged Share Capital; or
- (b) in the case of a rights issue up to a maximum aggregate nominal value of £8,353,773 which represents approximately two-thirds of the Enlarged Share Capital.

The authority given by this Resolution will expire at the conclusion of the next annual general meeting of the Company. This authority will be in addition to that given to the Directors pursuant to Resolution 1.

### ***Resolution 3: Disapplication of pre-emption rights***

Conditional on the passing of Resolution 1, Resolution 3 disapplies the statutory pre-emption rights in respect of the allotment of the Firm Placed Shares to be allotted pursuant to Resolution 1 in connection with the Firm Placing. The authority given by this Resolution will expire 90 days after the date of the passing of the Resolution. This authority will be in addition to that given to the Directors pursuant to Resolution 4.

### ***Resolution 4: Disapplication of pre-emption rights***

Conditional on the passing of Resolutions 1 and 2, Resolution 4 renews the authority of the Directors to allot equity securities pursuant to Resolution 2 otherwise than in accordance with statutory pre-emption rights up to an aggregate nominal value of £1,253,066 which represents approximately 10 per cent. of the

Enlarged Share Capital. The authority given by this Resolution will expire at the conclusion of the next annual general meeting of the Company. This authority will be in addition to that given to the Directors pursuant to Resolution 3.

## 9. Action to be taken in relation to the General Meeting

You will find enclosed a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and to return it as soon as possible and in any case so as to be received by the Company's registrars at Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.00 a.m. on 14 February 2017. If you hold shares in CREST you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Asset Services (CREST Participant ID: RA10) so that it is received by no later than 11.00 a.m. on 14 February 2017. The return of the Form of Proxy or transmission of a CREST Proxy Instruction will not prevent you from attending the meeting and voting in person if you wish.

## 10. Intentions of the Directors and certain major Shareholders in relation to the Firm Placing

The following participants intend to subscribe for an aggregate of 14,882,351 Firm Placed Shares as set out below:

<i>Participant</i>	<i>Number of Firm Placed Shares</i>
Dr Graham Cooley	176,470
J.C.B. Research	11,764,705
Valebond Consultants Limited	2,941,176

Save for Dr Graham Cooley, the Directors do not intend to subscribe for any Firm Placed Shares.

## 11. Directors' interests

The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and of persons connected with them (within the meaning of Section 252 of the Act) in the Existing Issued Share Capital and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the Latest Practicable Date and as they are expected to be upon Admission are as follows:

<i>Directors table</i>	<i>At the Latest Practicable Date</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Issued Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Professor Roger Putnam	27,129	0.01	27,129	0.01
Dr Graham Cooley	811,256	0.37	987,726	0.39
Dr Simon Bourne	326,830	0.15	326,830	0.13
Dr Rachel Smith	80,886	0.04	80,886	0.03
Lord Roger Freeman	5,000	0.002	5,000	0.002
Peter Hargreaves	22,908,643	10.56	22,908,643	9.14
Sir Roger Bone	67,000	0.03	67,000	0.03
Robert Pendlebury <sup>1</sup>	19,217,929	8.86	30,982,634	12.36

<sup>1</sup> At the Latest Practicable Date, Robert Pendlebury holds 12,269 Ordinary Shares. Robert Pendlebury represents J.C.B. Research (who at the Latest Practicable Date hold 19,205,660 Existing Ordinary Shares) on the Board. On Admission, Robert Pendlebury will hold 12,269 Ordinary Shares. J.C.B. Research, on Admission, will hold 30,970,365 Ordinary Shares.

## 12. Irrevocable voting commitments from certain Directors, certain major Shareholders and Zeus Capital

Directors, certain Shareholders and Zeus Capital, who in aggregate hold 50,936,750 Existing Ordinary Shares, representing approximately 23.48 per cent. of the Existing Issued Share Capital, have irrevocably undertaken to vote (and where such Existing Ordinary Shares are registered in the name of any other persons

have irrevocably undertaken to use reasonable endeavours to procure that those persons will vote) in favour of the Resolutions at the General Meeting.

### **13. Related party transactions**

Dr Graham Cooley and J.C.B. Research intend to participate in the Firm Placing. Mr Robert Pendlebury is an associate (for the purposes of Rule 13 of the AIM Rules for Companies) of J.C.B. Research.

Accordingly, Dr Graham Cooley and J.C.B. Research are considered as related parties of the Company and their participation in the Firm Placing is considered a “related party transaction” under the AIM Rules for Companies.

The Directors (other than Dr Graham Cooley and Mr Robert Pendlebury) consider, having consulted with the Company’s Nominated Adviser, Zeus Capital, that the terms of participation for Dr Graham Cooley and J.C.B. Research in the Firm Placing are fair and reasonable in so far as its Shareholders are concerned.

### **14. Recommendation and voting intentions**

The Directors believe that the Firm Placing is in the best interests of the Company and its Shareholders as a whole.

**Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions as they and Shareholders connected with them intend to do so in respect of their aggregate beneficial holdings of the Existing Issued Share Capital.**

**The Company is in receipt of undertakings from the Directors, certain Shareholders and Zeus Capital to vote in favour of the Resolutions representing not less than 23.48 per cent. of the Existing Issued Share Capital.**

Yours faithfully,

Roger Putnam  
*Non-Executive Chairman*  
ITM Power plc.

## PART II

### NOTICE OF GENERAL MEETING

# ITM POWER PLC

*(Incorporated and registered in England and Wales with registered number 05059407)*

**NOTICE IS HEREBY GIVEN** that a General Meeting of ITM Power plc (the “Company”) will be held at the offices of Burges Salmon LLP, 6 New Street Square, London EC4A 3BF at 11.00 a.m. on 16 February 2017 for the purpose of considering and, if thought fit, passing the following Resolutions, of which Resolutions 1 and 2 will be proposed as Ordinary Resolutions and Resolutions 3 and 4 will be proposed as Special Resolutions:

#### ORDINARY RESOLUTIONS

1. That the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the “**2006 Act**”) to exercise all the powers of the Company to allot ordinary shares in the Company and grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal amount of £1,686,011 in connection with the Firm Placing (as such term is defined in the circular to the Company’s shareholders dated 27 January 2017 of which this notice forms part). This authority is in addition to the authority provided in resolution 2 (if such resolution is passed) (and shall not be reduced by the nominal amounts allotted or granted from time to time under resolution 2 below) but shall be in substitution for and shall replace any other existing authorities to the extent not utilised at the date of this resolution. This authority, unless renewed, extended, varied or revoked by the Company in a general meeting, shall expire 90 days after the date of the passing of this resolution, save that the Company may, prior to the expiry of such period, make an offer or agreement which would or might require shares to be allotted in the Company after such expiry and the directors may allot shares in the Company in pursuance of such offer or agreement notwithstanding the expiry of the authority given by this resolution.
2. That, subject to the passing of resolution 1, the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the “**2006 Act**”) to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares:
  - (a) up to an aggregate nominal amount of £4,176,887 (such amount to be reduced by the nominal amount allotted or granted from time to time under (b) below in excess of such sum); and
  - (b) comprising equity securities (as defined in section 560 of the 2006 Act) up to an aggregate nominal amount of £8,353,773 (such amount to be reduced by the nominal amount allotted or granted from time to time under (a) above) in connection with or pursuant to an offer or invitation by way of rights issue in favour of:
    - (i) holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment; and
    - (ii) holders of any other class of equity securities entitled to participate therein or, if the directors consider it necessary, as permitted by the rights of those securities,

but subject to such exclusions or other arrangements as the directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of, any regulatory body or stock exchange in any territory or any other matter whatsoever.

These authorities are in addition to the authority provided in resolution 1 above (and shall not be reduced by the nominal amounts allotted or granted from time to time under resolution 1 above) but shall be in substitution for and shall replace any other existing authorities to the extent not utilised at the date this resolution is passed and shall expire at the conclusion of the next annual general meeting of the Company save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry and the directors may allot shares, or grant rights to subscribe for or convert any security into shares, in pursuance of any such offer or agreement as if the authorities conferred hereby had not expired.

## SPECIAL RESOLUTIONS

3. That, subject to the passing of resolution 1, the directors of the Company be and they are hereby empowered pursuant to section 570 of the Companies Act 2006 (the “**2006 Act**”) to allot equity securities (as defined in section 560 of the 2006 Act) of the Company for cash pursuant to the authority conferred by resolution 1 above in connection with the Firm Placing (as such term is defined in the circular to the Company’s shareholders dated 27 January 2017 of which this notice forms part) as if section 561 of the 2006 Act did not apply to any such allotment. This power, unless renewed, extended, varied or revoked by the Company in general meeting, shall expire 90 days after passing of this resolution save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot the relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
4. That, subject to the passing of resolutions 1 and 2, the directors of the Company be and they are hereby empowered pursuant to section 570 of the Companies Act 2006 (the “**2006 Act**”) to allot equity securities (as defined in section 560 of the 2006 Act) of the Company for cash pursuant to the authorities conferred by resolution 2 as if section 561 of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
  - (a) the allotment of equity securities for cash in connection with or pursuant to an offer or invitation (but in the case of the authority granted under resolution 2(b), by way of a rights issue only) in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or, if the directors consider it necessary, as permitted by the rights of those securities) but subject to such exclusions or other arrangements as the directors may deem necessary or appropriate to deal with fractional entitlements, treasury shares, record dates, or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of, any regulatory body or stock exchange in any territory or any other matter whatsoever; and
  - (b) the allotment of equity securities for cash in the case of the authority granted under resolution 2(a) above, and otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £1,253,066.

This power shall expire at the conclusion of the next annual general meeting of the Company save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot the relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Dated: 27 January 2017

By order of the Board

Andrew Allen  
*Company Secretary*

**Notes:**

1. Resolutions 1 and 2 are proposed as Ordinary Resolutions. This means that for the Resolutions to be passed, more than half of the votes cast on such Resolutions must be in favour of such Resolutions. Resolutions 3 and 4 are proposed as Special Resolutions. This means that for these Resolutions to be passed, at least three-quarters of the votes cast on such Resolutions must be in favour of such Resolutions.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy in relation to the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which the member is the registered holder will be apportioned to the blank proxy form.
3. To appoint as a proxy a person other than the chairman of the meeting, a member must insert the proxy's full name in the box on the proxy form. If a member signs and returns a proxy form with no name inserted in the box, the chairman of the meeting will be deemed to be the member's proxy. Where a member appoints as a proxy someone other than the chairman, the member is responsible for ensuring that the proxy attends the meeting and is aware of the member's voting intentions. If a member wishes a proxy to make any comments on the member's behalf, the member will need to appoint someone other than the chairman and give them the relevant instructions directly.
4. A member which is a corporation is entitled to appoint one or more corporate representatives to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member. If a member which is a corporation appoints more than one corporate representative in relation to the meeting, each representative must exercise the rights attached to a different share or shares held by that member. In the case of a member which is a corporation, the proxy form must be executed under the corporation's common seal or signed on its behalf by a duly authorised officer of the corporation or an attorney for the corporation.
5. A form of proxy is enclosed. To be valid, the form of proxy (and any power of attorney or other authority (if any) under which it is signed) must be duly completed and signed and deposited at the office of the Company's registrars, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours (excluding non-working days) before the time for holding the meeting (or any adjourned meeting). Completion of a form of proxy does not preclude a member from attending and voting in person at the meeting if (s)he so wishes.
6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered in the Company's register of members at close of business on 14 February 2017 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Changes in the Company's register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting. If the meeting is adjourned, as at close of business on the day two days (excluding non-working days) before the date of the adjourned meeting shall apply for the purpose of determining the entitlement of members to attend and vote at the adjourned meeting.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 16 February 2017 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Asset Services Limited (CREST Participant ID: RA10), no later than 48 hours (excluding non-working days) before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
9. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

