

**LEI: 213800PMTT98U879SF45**

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**14 March 2022**

## **HydrogenOne Capital Growth plc**

### **Portfolio and Macroeconomic update**

Following HydrogenOne Capital Growth plc's ("HydrogenOne" or the "Company" or "HGEN") portfolio and strategy update on 13 January 2022, HGEN has continued to invest in high quality companies that are playing a key role in the accelerating hydrogen economy. HGEN has now deployed or committed c.60% of the net proceeds it raised on its launch, amounting to approximately £62 million, in what the Board believe are the best in class opportunities in hydrogen-focussed electrolysis, fuel cell production, transportation and storage, and in hydrogen project development.

The Company's Investment Adviser continues to manage a pipeline in excess of £500 million in private clean hydrogen opportunities across private companies and supply projects. Despite the very uncertain geopolitical environment, HGEN's plans remain unchanged and on track. As outlined in January, HGEN expects to be fully deployed in Q2 2022, and the Company continues to actively consider options for further fund raises during 2022.

### **Changing market environment**

The Russian invasion of Ukraine has shown governments around the world, and especially in Europe, the vital importance of sustained investment and policy support for domestic energy production and, crucially, diversity in any energy imports from overseas.

Alongside this is the imperative of an energy transition to a low carbon economy, in order to mitigate climate change and harmful air pollution, caused by burning fossil fuels.

Despite nearly 40 years of commercial operations and investment, modern renewables such as biofuels, wind and solar still account for less than 10% of the primary energy mix. This underscores the challenges for industry, governments and society to deliver 'net zero'.

Hydrogen has a vital role to play in the energy transition, in air quality and in energy security. Recent EU announcements on energy security ("REPowerEU"), triggered by the Russia-Ukraine war, include plans for a substantially increased role for clean hydrogen – now expected to reach 20 million tonnes per year in 2030, compared to 5.6 million tonnes projected earlier in the "Fit for 55" plan.

The case for growth in the hydrogen system alongside growth in renewables is compelling, and it is accelerating.

### *Energy transition*

Replacing today's industrial "grey" hydrogen, used in the production of products such as fertiliser and steel, with clean hydrogen, would remove 830 million tonnes of harmful greenhouse gas ("GHG") emissions, each year. This is the equivalent of all the United Kingdom's GHG emissions each year, twice over. Deploying clean hydrogen more broadly into today's fossil fuel sectors, such as power generation, heating and heavy transport will take time, but could combine to remove 6 billion tonnes of GHG/year by 2050.

### *Air quality*

With over 4 million premature deaths per year from air pollution, much of it from fossil fuels, hydrogen fuel cells have a major role to play in decarbonising power generation and heavy transport.

### *Energy security*

The new imperative is growth in domestic energy supplies, which will inevitably include more renewables. As these grow in scale in the energy mix, the intermittency of energy supplies will also increase. Hydrogen, made in-country with electrolysis powered from dedicated or surplus renewables, and hydrogen made from the effective clean-up of natural gas, will have a vital role to play in energy storage, and securing domestic energy supplies.

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### **About HydrogenOne**

HydrogenOne was launched in 2021 with an investment objective to deliver an attractive level of capital growth by investing in a diversified portfolio of hydrogen and complementary hydrogen focussed assets. INEOS Energy is a strategic investor in

HydrogenOne. The Company is listed on the London Stock Exchange's main market (ticker code: HGEN).

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