

HydrogenOne Capital Growth plc (“HGEN”) – investing in clean hydrogen for a climate-positive impact. Article 9 Fund with an ESG policy integrated in investment decisions and asset monitoring.

Key highlights for the period

- Positive industry outlook underpinned by macro tailwinds in the hydrogen sector and supportive regulatory regimes in the USA and Europe. UK Government selection of 20 green hydrogen projects as funding candidates announced in the quarter;
- Net Asset Value (“NAV”) per share of the Company 100.00 pence, an increase of 3.3% from 31 March 2022, and 2.8% from 31 December 2022;
- Increased valuations in both private and listed hydrogen assets compared to 31 December 2022; NAV includes 1.14p reduction for accrual of carry;
- Growth delivery from private portfolio companies, delivering an aggregate £40m in total revenue in the 12 months to March 2023, an increase of 107% compared to the 12 months to March 2022;
- First investment in a clean hydrogen production project in Germany; £2.5m commitment;
- Investments in the quarter totalling £5.4m;
- Cash and cash equivalents of £12.5m, and £3.8m of listed hydrogen companies at the end of the quarter;
- The Company hosted a Capital Markets Day, which included presentations from the management teams of each of the private portfolio companies.

Investment Adviser’s commentary on the quarter

The Investment Adviser is seeing a significant increase in deal flow for hydrogen supply chain companies and green hydrogen development projects, in response to climate change mitigation, improving air quality and energy security.

Despite continued volatility and uncertainty in global stock markets, the fundamentals of the clean hydrogen industry remain strong, with continued policy support in Europe and the United States providing strong tailwinds to the hydrogen sector. As an example, the UK Government has announced a short list of 20 green hydrogen projects, totalling 250MW, that are eligible for a share of the £240m Net Zero Hydrogen Fund. A further two funding rounds will be opened in 2023.

At the end of March 2023, Net Asset Value (“NAV”) per share of the Company was 100.0 pence, an increase of 2.8% from 31 December 2022. The increase in NAV was driven by improved valuations across a number of private assets and listed companies.

The Company has invested in a diversified portfolio of hydrogen assets, delivering growth for investors across the portfolio. In total, 96.3% of the portfolio is revenue generating, including listed hydrogen companies (3.3% of the total portfolio), and eight of the ten private companies (93% of the total portfolio).

During the 12 months to 31 March 2023, private portfolio companies delivered an aggregate £40m in revenue, a 107% increase compared to the period ending 31 March 2022, on a pro-forma basis.

During the quarter, the Company hosted a Capital Markets Day in Central London and virtually, which included presentations from the management teams of each of the private portfolio companies. Materials from this event are available on the Company’s website.

The Company announced an investment of £2.5m in development activities for the Thierbach Hydrogen Project, a 100MW green hydrogen and battery storage facility in Germany. This marks the Company’s first investment in a hydrogen project, which will reach Final Investment Decision in the second half of 2023, subject to the successful completion of technical and engineering studies, and access to finance.

Total investment in the quarter was £5.4m, including three follow on investments, and £0.8m invested into the Thierbach Project.

The Company continues to apply prudent valuation criteria and cash management, in the light of current macro-economic conditions. Private valuations at the end of the quarter followed IPEV guidelines and used a 13.0% average discount rate, which increased from 12.9% at fourth quarter 2022.

The Company has cash and cash equivalents of £12.5m, and £3.8m of listed hydrogen companies at the end of the quarter. Should the Thierbach Hydrogen Project take FID, planned for later in 2023, and the Company elects to not participate, then its £2.5m investment in the project will be returned with interest, adding further cash cover for the Company.

Portfolio news during the quarter

Cranfield Aerospace Solutions Ltd (“CAeS”), a UK hydrogen flight innovator:

- HGEN invested £1.4m in the final tranche of a £14.4m round, totalling £2.9m, alongside Safran Corporate Ventures and the Strategic Development Fund;
- After the end of the quarter, CAeS announced a Heads of Terms with Britten-Norman, manufacturers of the Islander aircraft, to merge and to create the world’s first fully integrated, zero-emissions aircraft, for entry into service in 2026;
- The proposed combination would accelerate and de-risk the commercialisation of CAeS’s hydrogen flight technology; and
- Following this announcement, HGEN has committed a further £1.5m of funding to CAeS, which could increase to up to £5m in a potential £10m funding round from existing investors, in the merged entity.



7% of NAV

cranfieldaerospace.com

Elcogen Plc, a solid oxide fuel cell and electrolyser manufacturer in Estonia and Finland:

- Elcogen signed a memorandum of understanding with Korea Shipbuilding and Offshore Engineering, a member of Hyundai Heavy Industries Group, one of the world’s largest shipbuilders, and the Germany based Fraunhofer Institute for Ceramic Technologies and Systems; and
- The MOU covers close R&D collaboration in green hydrogen production and emission-free power generation systems.



16% of NAV

elcogen.com

HH2E is a green hydrogen project developer with a focus on industrial customers in Germany. Operator of the Thierbach green hydrogen development project, in which HGEN has a direct investment:

- HH2E announced its second major green hydrogen production project in Germany, a 100MW facility at Thierbach. HGEN committed £2.5m (EUR 2.8m) alongside other institutional investors and HH2E for engineering and commercial works. A final investment decision is expected in the second half of 2023; and
- HH2E agreed to purchase of 120MW of alkaline electrolyser equipment from NEL ASA. The total value of the contract is approximately EUR 34m, and the equipment will be used in multiple HH2E green hydrogen projects in Germany.



4% of NAV

hh2e.de

NanoSUN Limited, a UK-based developer of hydrogen distribution and mobile refuelling equipment:

- NanoSUN continued deliveries of new Pioneer Mobile Refuelling Stations to customers, including two units to Octopus Hydrogen in the UK and one unit to Westfalen in Germany;
- NanoSUN commenced collaboration and contract manufacturing with TIS Manufacturing, in Aberdeen, UK, for NanoSUN’s Pioneer Hydrogen Refuelling Stations; and
- Post quarter end, the company appointed Dr. Graham Cooley, who was previously the CEO of ITM Power Ltd, as Chairman of the Board. Dr. Meike Schaeffler, from NanoSUN investor Westfalen, was appointed as a Board Member.



10% of NAV

nanosun.co.uk

Strohm Holding B.V., a Netherlands-based hydrogen pipeline company:

- Strohm delivered a major milestone by completing its plant expansion in the Netherlands. The new facility can produce some 140km of thermocomposite plastic (“TCP”) pipeline per year, a three-times increase on previous levels; and
- Strohm was awarded its second contract for TCP pipeline for deployment in Guyana. This is the largest contract ever secured by Strohm.



12% of NAV

strohm.eu

Sunfire GmbH, the leading German industrial electrolyser producer:

- Sunfire launched a new serial production facility in Solingen, Germany with investment of E30m at the facility;
- Further expansion is underway at Solingen, taking Sunfire’s total capacity to 500MW of alkaline electrolysis by the end of 2023; and
- Sunfire announced a strategic partnership with Vitesco Technologies, who will combine Sunfire electrolysis cells into the stacks, that form the main element of electrolysers.



19% of NAV

sunfire.de

Key statistics as at 31 March 2023 (unaudited)

Sector	Renewable Energy Infrastructure
Net asset value (NAV)	£128.8m
NAV per share	100.0p
Share price	47.2p
Premium / Discount to NAV	-53%
3-month NAV return	2.8%
Market capitalisation	£60.8m
Capital deployed in low-carbon growth	£108.3m
Number of shares in issue	128,819,999

Investment Adviser

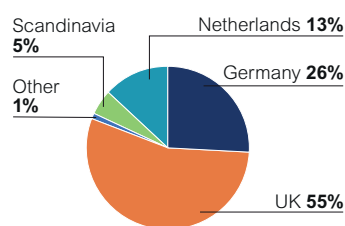


Dr JJ Traynor, Managing Partner
Former senior executive at Shell, BP and Deutsche Bank

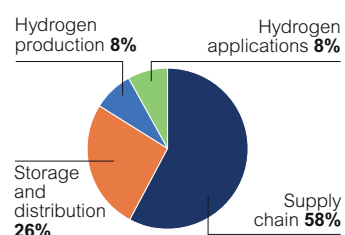


Richard Hulf, Managing Partner
Former Fund Manager at Artemis; senior executive at EY and Exxon

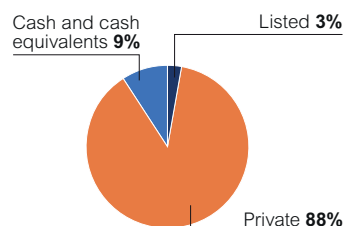
Portfolio segmentation by geography



Portfolio segmentation by theme



Portfolio segmentation by asset class



Note: the charts above show fund portfolio at 31 March 2023. Private Hydrogen Assets are valued in accordance with the valuation methodology at each period end.

Private investments % of NAV

1. Sunfire GmbH <i>Supply Chain (Electrolysers)</i>	19%
2. Elcogen Plc <i>Supply Chain (Fuel cells)</i>	16%
3. Strohm Holding B.V. <i>Storage & Distribution (Supply services)</i>	12%
4. NanoSUN Limited <i>Storage & Distribution (Supply services)</i>	10%
5. HiiROC Ltd <i>Supply Chain (Electrolysers)</i>	10%
6. Cranfield Aerospace Solutions Ltd <i>Hydrogen Applications (Aircraft manufacturer)</i>	7%
7. Bramble <i>Supply Chain (Portable power units)</i>	7%
8. HH2E <i>Hydrogen Production (German project developer)</i>	4%
9. G2E <i>Hydrogen Production (Norway project developer)</i>	3%
10. HH2E Thierbach Phase 1 Project <i>Private Hydrogen Project (Germany)</i>	1%

Company information

Listing

London Stock Exchange (ticker: HGEN)

IPO date

30 July 2021

ISIN

GB00BL6K7L04

SEDOL

BL6K7L0

Year end

31 December

Release of Annual Report

April

Registered address

6th Floor
125 London Wall
London
EC2Y 5AS

Broker

Barclays Bank PLC

Alternative Investment Fund Manager ("AIFM")

FundRock Management Company (Guernsey) Limited

Public Relations

FTI Consulting

How to invest

HGEN shares can be traded through any UK stockbroker and most share dealing services, including online platforms that offer investment trusts.

Contact details

HydrogenOne Capital LLP
5 Margaret St
London
W1W 8RG
E: enquiries@hydrogenonecapital.com

Website

hydrogenonecapitalgrowthplc.com

Investment objective and ESG commitment

- Through investing, directly or indirectly, in a diversified portfolio of hydrogen and complementary hydrogen focused assets, HGEN contributes to climate change mitigation and integrates core ESG principles into its decision making and ownership process;
- At least 90% of the fund will be invested in private equity over time, with the remainder in a focused portfolio of listed hydrogen companies; and
- Strongly orientated to ESG mandates, enabling the avoidance of GHG emissions and exclusion of fossil fuels producers, HGEN is targeting total NAV return of 10-15% per year over time, including proceeds from portfolio divestments*.



* For an investor in HGEN at IPO. The total NAV return target is a target only and not a profit forecast.

Disclaimer
This document has been prepared by HydrogenOne Capital plc ("HGEN" or the "Company") and is for general information purposes only. The information enclosed pertaining to HGEN and its operations, does not, and is not intended to, constitute or form part of any offer for sale or subscription or any solicitation for any offer to purchase or subscribe for any securities, options, futures, or other derivatives related to securities. Nor shall it, or any part of it, form the basis of, or be relied upon in connection with, any contract or commitment whatsoever relating to the Company or its group. This document has not been approved for the purposes of section 21 of FSMA. Information contained in this document should not be relied upon as advice to buy or sell or hold such securities.

The information enclosed is given at the date of its publication and is subject to updating, revision and amendment. Whilst the Company reasonably believes that the facts stated in this document are accurate, no representation or warranty, express or implied, is made, and no responsibility or liability is accepted by the Company or its representatives to any person, as to the fairness, accuracy, completeness or correctness of these materials or the opinions contained therein and each recipient of this document must make their own investigation and assessment of the matters contained therein.

Information regarding companies or assets in which HGEN (or funds controlled by HGEN) hold shares or other securities and/or interests is included in this document and has not been independently verified. HGEN does not have any liability whatsoever in relation to such information.

This document may contain forward-looking statements that reflect the Company's expectations regarding future events. Any forward-looking statements or financial projections are based on the opinions and estimates of management at the date the statements are made. Whilst considered reasonable, the Company cannot and does not represent or guarantee that actual results will be the same, in whole or in part, as those set out in any forward-looking statements and financial projections. The forward-looking statements and financial projections contained in this document are expressly qualified by this notice and the Company strongly advises against undue reliance on forward-looking statements or financial projections.