

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

- Net Asset Value (“NAV”) per share of the Company 100.70 pence; an increase of 0.7% since 31 March 2023 and a 4.0% increase year on year from 30 June 2022;
- Positive progress on revenue growth from portfolio companies, delivering an aggregate £52.0 million in total revenue in the 12 month period to 30 June 2023, an increase of 170% compared to the 12 month period to 30 June 2022;
- Increased valuations in private assets more than offsetting declines from higher discount rates and in listed hydrogen assets;
- Follow on investments of £2.6 million in the quarter to Thierbach and Cranfield Aerospace Solutions;
- Cash and cash equivalents of £8.9 million, and £3.0 million of listed hydrogen companies at the end of the quarter; and
- The Company has seen some £8 billion of industry investment in green hydrogen year-to-date, underscoring the positive industry outlook and supportive regulatory regimes for clean hydrogen.

Investment Adviser’s commentary on the quarter

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

As an example, in July 2023, the successful IPO of electrolyser specialist Thyssenkrupp Nucera, raised EUR600 million of fresh equity in a EUR2.5 billion listing on the Frankfurt stock exchange. Furthermore, in Saudi Arabia, the NEOM Green Hydrogen Company achieved an \$8.4 billion financial close for a 4GW green hydrogen project. Including these transactions, the Investment Adviser estimates that some £8 billion of new capital has been committed to green hydrogen so far in 2023.

At the end of June 2023, Net Asset Value (“NAV”) per share of the Company was 100.70 pence, broadly similar to end March 2023 (100.00 pence per share), and a 4% increase year-on-year. The increase in NAV was driven by improved valuations across a number of private assets.

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 13.7% average discount rate, which increased from 12.8% at first quarter 2023. The impact of this increased discount rate was a reduction of June 30 2023 NAV of 7.21 pence per share.

The Company has invested in a diversified portfolio of hydrogen assets, delivering growth for investors across the portfolio. During the 12 months to 30 June 2023, private portfolio companies delivered an aggregate £52 million in revenue, a 170% increase compared to the period ending 30 June 2022, on a pro-forma basis. This strong growth has been driven by the ramp up of manufacturing capacity and product sales from the businesses that the Company has backed with shareholders’ funds.

We continue to work with our portfolio companies to ensure that these businesses attract high quality investors and have sufficient access to growth capital. During the quarter, the Company made a total of £2.6 million of follow-on investments, into Cranfield Aerospace Solutions Ltd and the Thierbach green hydrogen project, in Germany.

Portfolio news during the quarter



20% of NAV

sunfire.de

Sunfire GmbH, the leading German industrial electrolyser producer:

- The Bad Lauchstädt Energy Park, a consortium of Terrawatt, Uniper, VNG Gasspeicher, ONTRAS, DBI and VNG, in Central Germany, took Final Investment Decision on a 30MW green hydrogen facility with associated salt cavern storage. The EUR210 million project will use Sunfire electrolysers, and should replace grey hydrogen in the Leuna refinery and supply transport customers, commencing in 2025;
- Sunfire has successfully installed a 2.6MW solid oxide electrolyser – the world’s largest – at the Neste MultiPLHY hydrogen project, in Rotterdam. The electrolyser will be integrated into Neste’s refinery and will become part of the on-site production of renewable products. Once operational, the electrolyser will produce more than 60 kg of green hydrogen per hour.

Portfolio news during the quarter continued



14% of NAV

strohm.eu

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

- Strohm was selected as partner for the Hydrogen Offshore Production for Europe (“HOPE”) project. HOPE is an important milestone in the industry trend to produce green hydrogen in the offshore. The project is planned to be 10MW (4 tonnes of hydrogen per day), installed off the port of Ostend, in Belgium. The project has been selected by the European Clean Hydrogen Partnership, under which it has been awarded a EUR20 million grant. HOPE is being coordinated by Lhyfe, and implemented by eight European partners: Alfa Laval, Plug Netherland, Strohm, EDP NEW, ERM, CEA, POM-West-Vlaanderen and DWR eco;
- Strohm, alongside BW Offshore, Switch2, MARIN and TU Delft, have received a EUR3 million grant from the Dutch government for project OFFSET – an industrial scale floating green hydrogen and ammonia project, based on the proven concept of a floating production and offloading vessel (“FPSO”). The objective of the OFFSET project will be to demonstrate a decrease in the cost of green fuel production and thereby increase its accessibility; and
- Strohm was awarded a contract by PRIO (formerly known as PetroRio) to provide its composite pipe solutions to support operations at its Frade field, in Brazil.



10% of NAV

nanosun.co.uk

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

- NanoSUN 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. Neil Tierney, who is the founder of ONZO, a home energy management company that was later acquired by SSE and GEO, and who has had senior roles at UBCO and PURE Electric, focusing on lightweight electric vehicles, was appointed as CEO;
- Westfalen and NanoSUN have deployed a Pioneer Hydrogen Refuelling Station in German city Brühl, in the Cologne area, to fuel 6 new Solaris Hydrogen City Buses. The filling station was developed in cooperation between Westfalen Group and NanoSUN. The system will avoid emissions of 393 tons of CO2 and 0.55 tons of NOx per year. Filling a fuel cell bus with the Pioneer system less than 20 minutes; and
- NanoSUN continued collaboration and contract manufacturing with TIS Manufacturing, in Aberdeen, UK, for NanoSUN’s Pioneer Hydrogen Refuelling Stations.



8% of NAV

cranfieldaerospace.com

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

- 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 is subject to due diligence by the Company;
- CAeS welcomed Evolito, a ground-breaking UK technology innovator onboard as the motor & inverter supplier for its hydrogen-powered aircraft demonstrator; and
- CAeS celebrated 75 years of continuous Design Approvals, which have enabled the company to deliver world-leading complex modifications and underpin its future as a global leader in the development of zero-emissions aircraft.



7% of NAV

brambleenergy.com

Bramble Energy is a UK-based fuel cell and portable power solutions company:

- Bramble Energy has secured £12 million UK Government funding to provide fuel cell technology to hydrogen buses. Bramble Energy’s innovative, low-cost printed circuit board fuel cell (“PCBFC”) technology will power an all-new hydrogen double-decker bus, which will be developed in conjunction with Equipmake, Aeristech and the University of Bath.



3% of NAV

gen2energy.com

Gen2 Energy is a Norwegian green hydrogen project developer:

- Gen2 Energy received zoning plan approval for a large-scale, 100MW green hydrogen facility in Mosjøen, Norway; and
- Gen2 Energy AS and Provaris Energy Ltd signed a collaboration agreement, to study producing and supplying compressed green hydrogen from the Gen2 Energy hydrogen project in Åfjord, Norway, to European ports, using Provaris’ marine storage and shipping solutions. Provaris has developed a portfolio of hydrogen shipping and storage solutions, including two sizes of GH2 Carriers (H2Neo 26,000m³ and H2Max 120,000m³) and a floating storage (H2Leo), with a design capacity range of 300 – 600 tonnes hydrogen. The H2Neo, which is intended to be utilised in the Åfjord project, was granted Design Approval based on an extensive FEED package in December 2022, with final construction approval targeted for early 2024.

Key statistics as at 30 June 2023 (unaudited)

Sector	Renewable Energy Infrastructure
Net asset value (NAV)	£129.7m
NAV per share	100.70p
Share price	63.70p
Premium / Discount to NAV	(36.7)%
3-month NAV return	0.7%
Market capitalisation	£82.1m
Capital deployed in low-carbon growth	£111.1m
Number of shares in issue	128,819,999

Investment Adviser

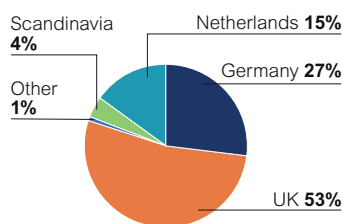


Dr JJ Traynor, Managing Partner
Former senior executive at Shell, BP and Deutsche Bank

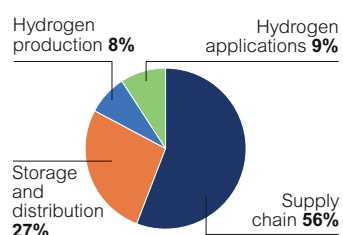


Richard Hulf, Managing Partner
Former Fund Manager at Artemis; senior executive at EY and Exxon

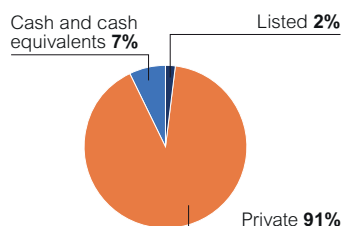
Portfolio segmentation by geography



Portfolio segmentation by theme



Portfolio segmentation by asset class



Note: the charts above show fund portfolio at 30 June 2023. Private Hydrogen Assets are valued in accordance with the valuation methodology at each period end.

Private investments % of NAV

1. Sunfire GmbH	20%
<i>Supply Chain (Electrolysers)</i>	
2. Elcogen Plc	17%
<i>Supply Chain (Fuel cells)</i>	
3. Strohm Holding B.V.	14%
<i>Storage & Distribution (Supply services)</i>	
4. NanoSUN Limited	10%
<i>Storage & Distribution (Supply services)</i>	
5. Cranfield Aerospace Solutions Ltd	8%
<i>Hydrogen Applications (Aircraft manufacturer)</i>	
6. HiiROC Ltd	8%
<i>Supply Chain (Electrolysers)</i>	
7. Bramble	7%
<i>Supply Chain (Portable power units)</i>	
8. HH2E	3%
<i>Hydrogen Production (German project developer)</i>	
9. G2E	3%
<i>Hydrogen Production (Norway project developer)</i>	
10. HH2E Thierbach Phase 1 Project	1%
<i>Private Hydrogen Project (Germany)</i>	

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

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London
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Broker

Barclays Bank PLC

Alternative Investment Fund Manager ("AIFM")

FundRock Management Company (Guernsey) Limited

Public Relations

Buchanan

How to invest

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

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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.

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