

# HydrogenOne Capital Growth plc Q2 2023 Investor Update



**UKSIF**  
UK Sustainable Investment  
and Finance Association

Signatory of:



*Investing in clean hydrogen  
for a climate-positive impact*

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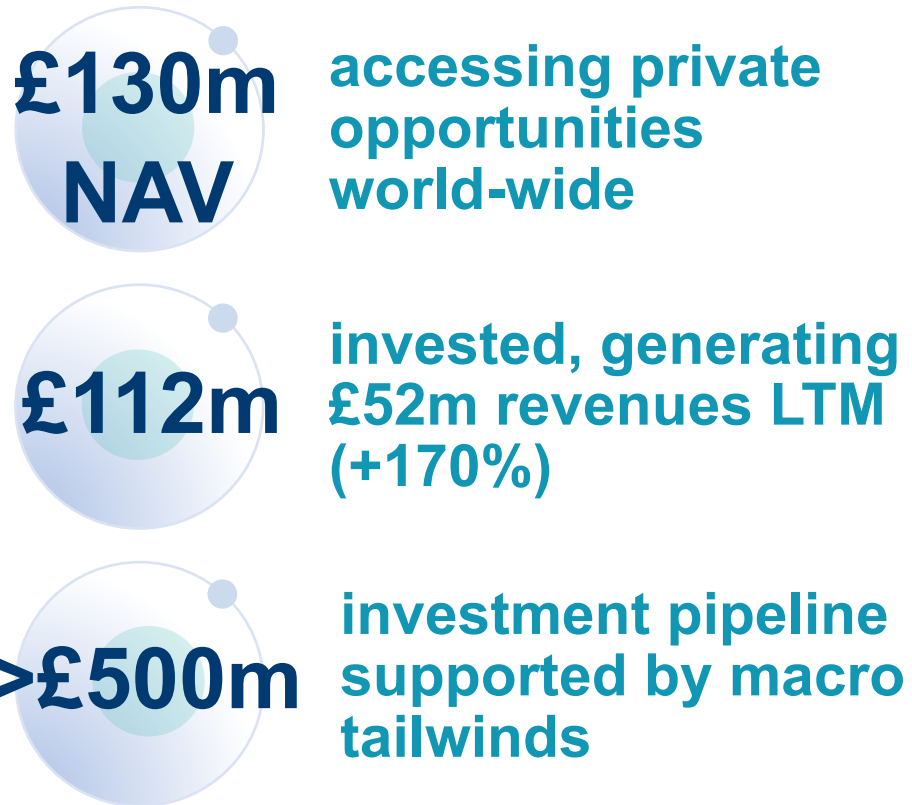
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This document has not been approved (for the purposes of section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**").

## Investing in clean hydrogen for a climate-positive impact; SFDR Article 9 fund



**INEOS Energy** Strategic investor

### Clean hydrogen is a >US\$2tn global opportunity

- Replace polluting ‘grey’ hydrogen feedstock in chemicals, fertilizer and refining
- Replace polluting fossil fuels in transport and power sectors

### HydrogenOne’s strategy

- Specialist investor in diversified hydrogen assets world-wide
- Deploy capital in supply chains and hydrogen production
- Generate returns through IPO or trade sale of invested positions
- Invest for ‘avoided GHG emissions’

# Strong macro tailwinds underpin hydrogen investment case

## Structural drivers of the hydrogen economy...



## ...step change in policies

The box lists four policy updates, each with a country flag:

- \$8bn** 'hydrogen hubs' + material hydrogen tax credit in Inflation Reduction Act
- >300GW** REPowerEU 2030 hydrogen target increased from 80GW
- 10GW** UK 2030 hydrogen target doubled
- 3mtpa** Japan 2030 hydrogen target

***£8 billion investment in clean hydrogen so far in 2023***

# Q2 2023 financial highlights

	30 Jun 2023	31 March 2023	% change 1,2	30 June 2022	% change 2,3
NAV per share	100.70p	100.00p	0.7%	96.83p	3.9%
NAV	£129.7m	£128.8m	0.7%	£124.8m	3.9%
Market Cap	£82.1m	£60.8m	34.9%	£120.1m	(31.7)%
Share price premium / (discount) to NAV <sup>2</sup>	(36.7)%	(52.8%)	30.4%	(3.8)%	n/a
Portfolio valuation	£120.5m	£117.4m	2.7%	£95.9m	25.7%
Portfolio fair value gain / (loss) on cost	£11.6m	£11.0m	5.5%	£2.5m	364.0%
Other net assets (incl cash)	£9.2m	£11.4m	(19.4)%	£28.9m	(68.2)%

## Q2 2023 financial highlights

- NAV per share 100.70p, +4.0% Q2 22 – Q2 23 and +0.7% Q1 22 – Q2 23
- £2.6m investment in two portfolio companies
- £1.1m into first green hydrogen project investment in Thierbach, Germany
- £1.5m into Cranfield Aerospace Solutions Ltd
- Cash and cash equivalents of £8.9m, and £3.0m of listed hydrogen companies at the end of the quarter

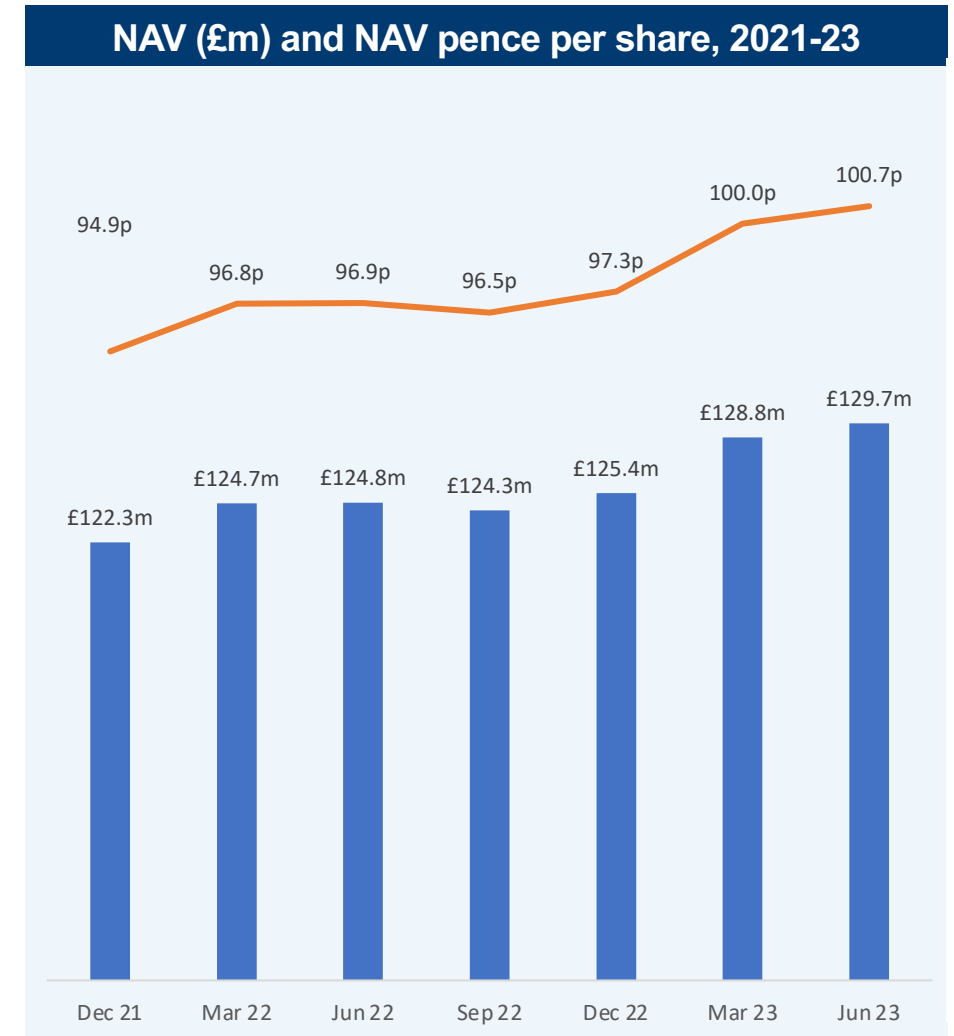
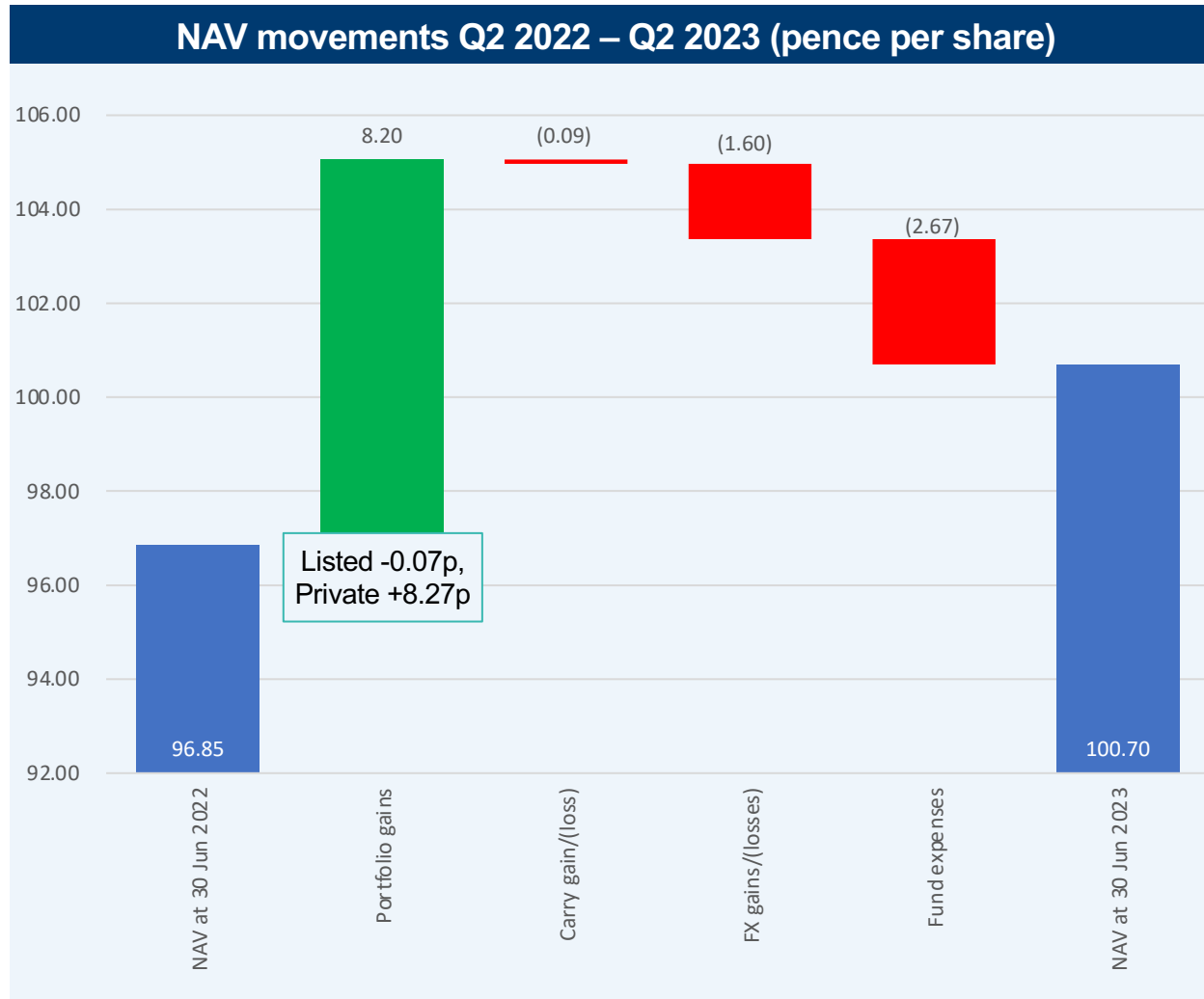
As at 30 June 2023 (unaudited)

1 Total returns for three months to 30 June 2023

2 These are alternative performance measures

3 Total returns for twelve months to 30 June 2023

# Growing our NAV and NAV/share in Q2 2023



- Increased NAV in multiple assets, partly offset by fund costs

- Steady progression in NAV/share

# Share price development and valuation

HydrogenOne NAV/share vs listed hydrogen shares (SOLGHYD)



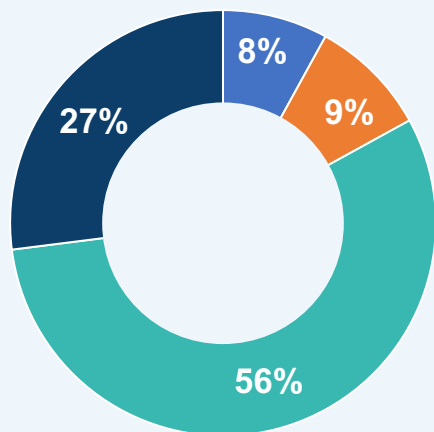
Cumulative performance (%)

	3 months	6 months	12 months	Since Jul '21 IPO
HGEN NAV growth	0.7%	3.5%	4.0%	2.8%
HGEN share price	34.9%	-19.7%	-31.7%	-36.3%

- Listed hydrogen company valuations have decreased in 2022-23, whereas HGEN NAV has been steady, reflecting our consistent valuation methodology

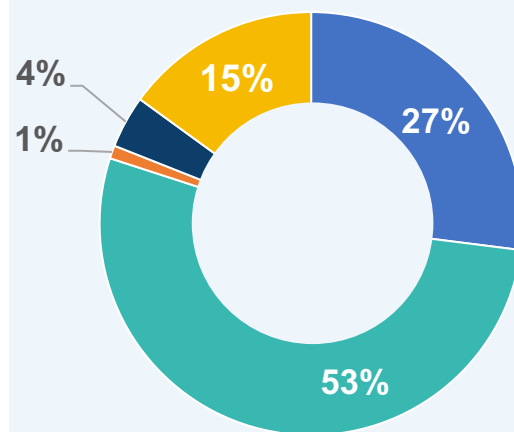
# Distinctive and unique hydrogen portfolio

Portfolio segmentation by theme



- Hydrogen production
- Hydrogen applications
- Supply chain
- Storage and distribution

Portfolio segmentation by geography



- Germany
- UK
- Other
- Scandinavia
- Netherlands

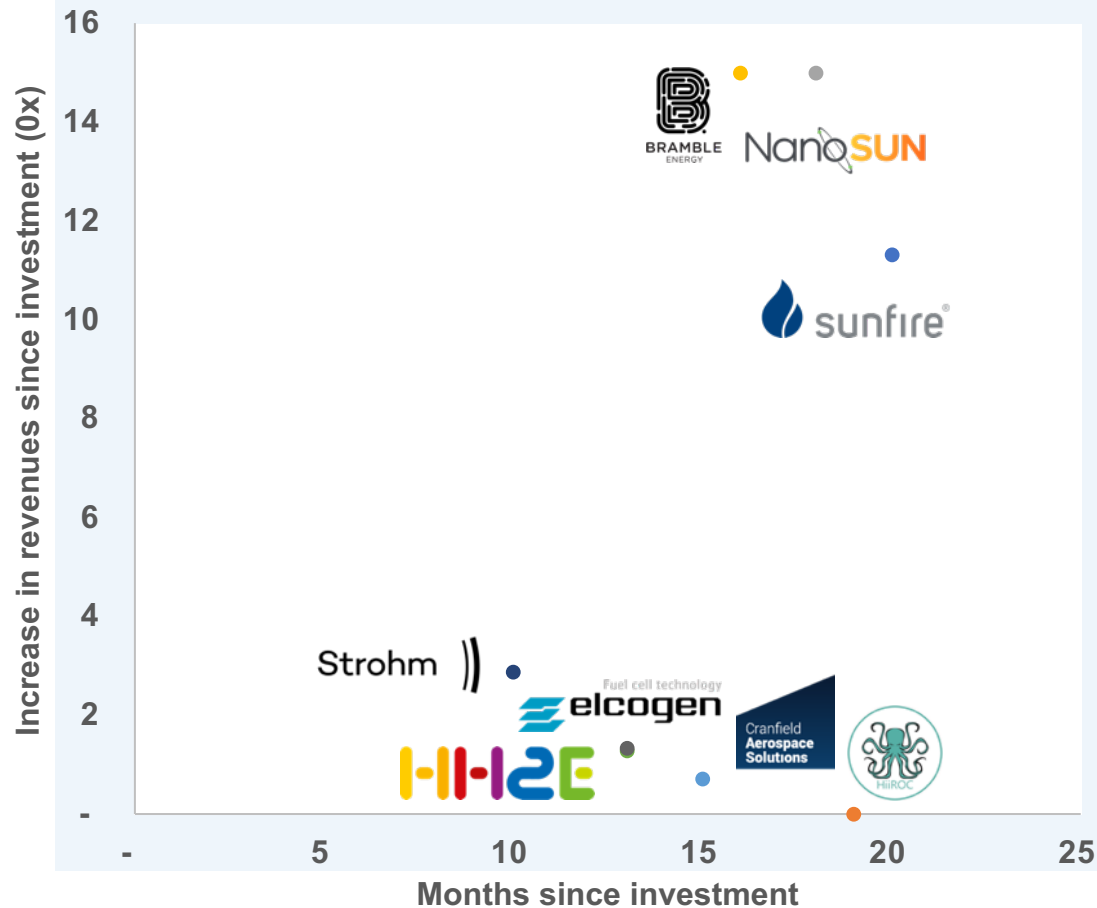
Fund holdings (as of 30 June 23)

Private portfolio	NAV £m	NAV %
Sunfire GmbH	26	20%
Elcogen Plc	21	17%
Strohm Holding B.V.	18	14%
NanoSUN Limited	13	10%
Cranfield Aerospace Solutions	10	8%
HiiROC Ltd	10	8%
Bramble Energy Limited	8	7%
HH2E AG	4	3%
Gen2 Energy	4	3%
HH2E Thierbach Project	2	1%
<b>Private portfolio</b>	<b>118</b>	<b>91%</b>
<b>Listed portfolio</b>	<b>3</b>	<b>2%</b>
<b>Total investments</b>	<b>121</b>	<b>93%</b>
Net current assets (Inc cash)	9	7%
<b>Net Asset Value</b>	<b>130</b>	<b>100%</b>

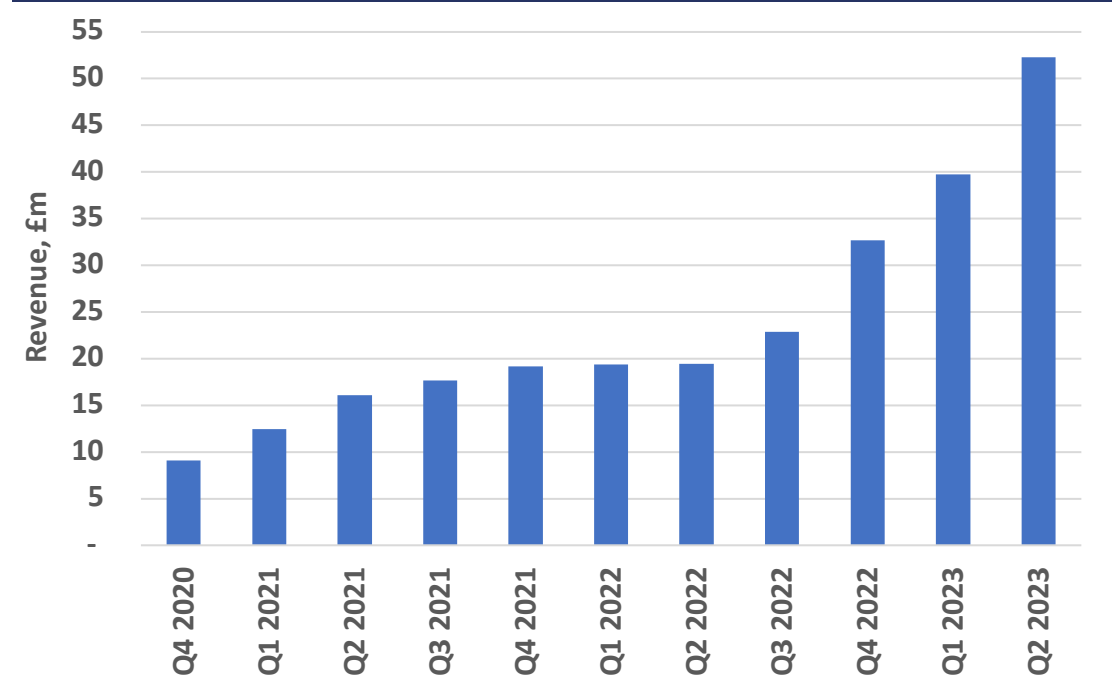


# The portfolio is revenue generating and has produced consistent growth

Growth in private portfolio revenues since investment



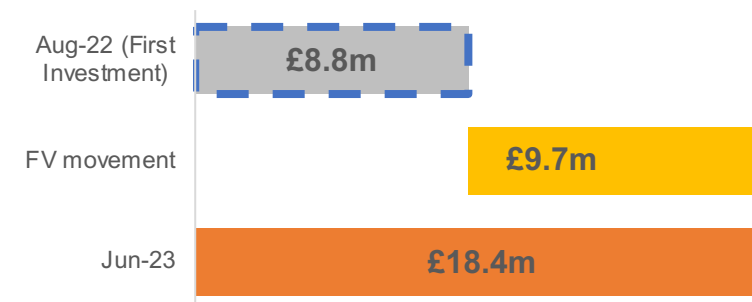
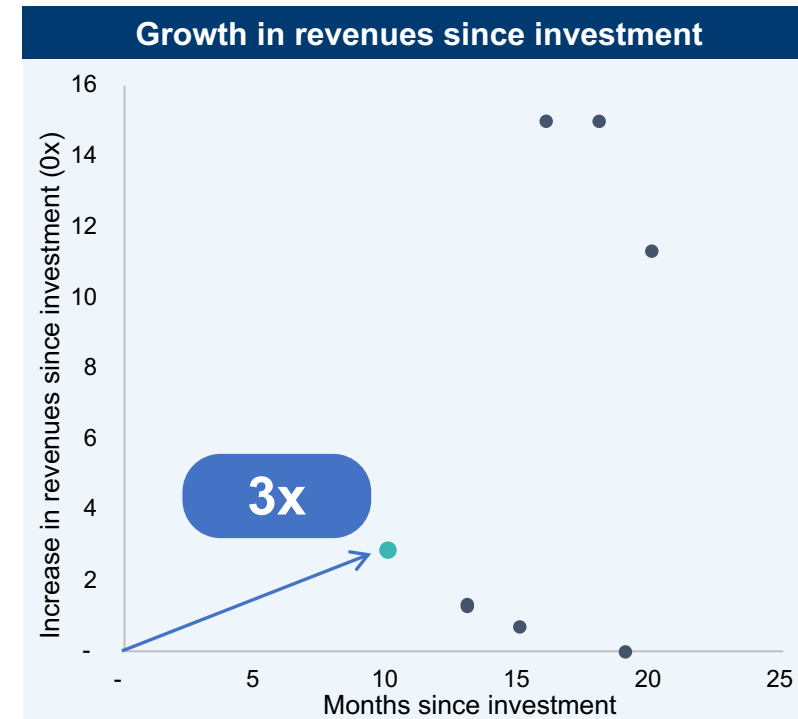
Private portfolio revenue (100% basis), £m - Trailing 12 months



- Private investments represent 97% of the invested portfolio by value
- The aggregate revenue from these investments was c. £52m for 12m to Q2 2023, an increase of 170% from 12m to Q2 2022 on a pro-forma basis

# Strohm Holding B.V. investment (Storage & Distribution)

Company description	<p><b>Strohm</b> ))</p> <p><b>Netherlands-based hydrogen pipeline company</b></p> <p><a href="http://www.strohm.eu">www.strohm.eu</a></p>
Investment size / date / % of NAV	<ul style="list-style-type: none"> <li>£10m / Aug 22 &amp; Dec 22 / 14% of NAV</li> </ul>
Co-investors	<ul style="list-style-type: none"> <li>Shell Ventures, Chevron Technology Ventures, Evonik Venture Capital, ING</li> </ul>
Why invested	<ul style="list-style-type: none"> <li>Industry leaders in offshore hydrogen and CO2 pipelines, where HGEN sees significant market growth</li> <li>Thermoplastic Composite Pipe (“TCP”) has c.50% less greenhouse gas emissions than metal. Can transfer up to nine times the amount of hydrogen energy compared to a cable.</li> <li>TCP’s flexibility, lack of corrosion, fatigue and embrittlement make it the superior pipeline solution for offshore wind farms, generating hydrogen</li> </ul>
Total Addressable Market	<ul style="list-style-type: none"> <li>c. £700m (2030) to &gt;£1.7b (2040)</li> </ul>
Recent developments	<ul style="list-style-type: none"> <li>Completed a €29m investment round including ING</li> <li>Netherlands plant expansion completed: 140km/year capacity</li> <li>Selected for 10MW offshore green hydrogen “HOPE”, Belgium</li> </ul>
Key milestones	<ul style="list-style-type: none"> <li>Grow revenues from energy transition including hydrogen to over 50%</li> </ul>

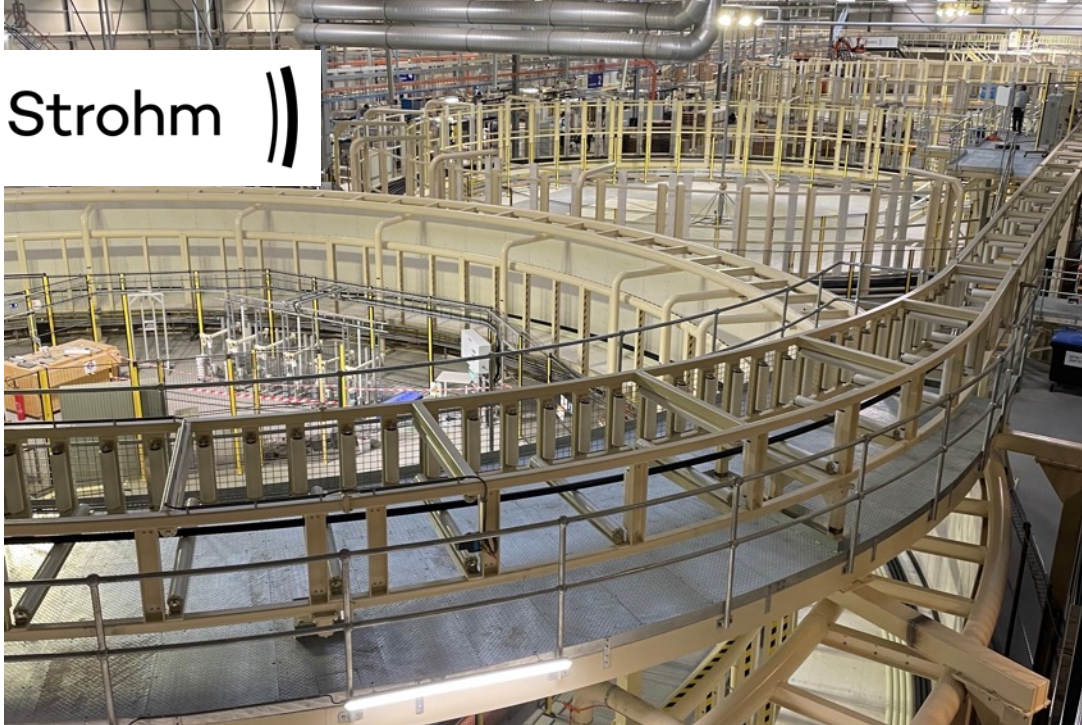


FV movement includes £0.7m further investment in Dec 22

# Deploying Strohm technology at scale

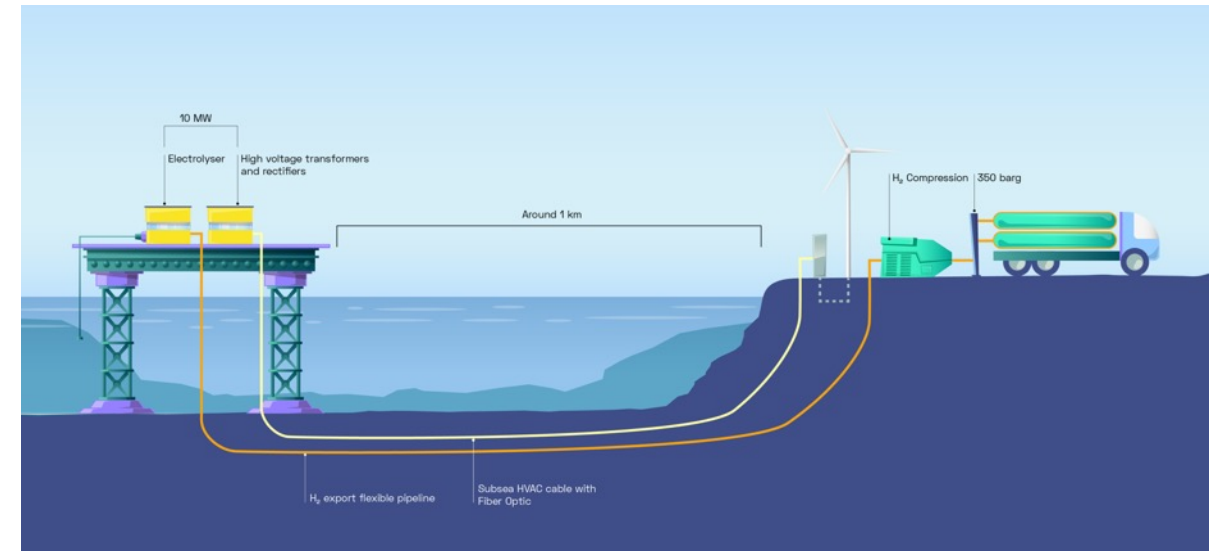
## Strohm's TCP pipeline plant in Ijmuiden, Port of Amsterdam

Strohm




- New expanded facility launched in 2023
- Tripled production capacity to 140km of pipe per annum
- Largest backlog in the company's history EUR60m

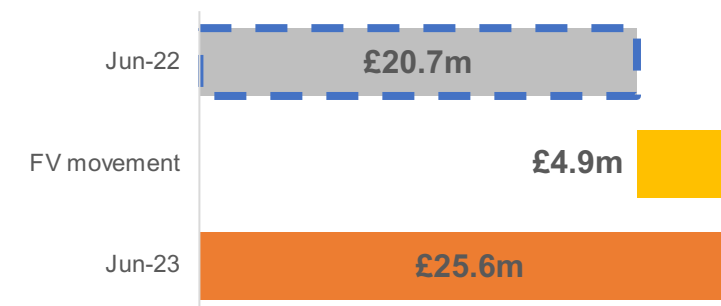
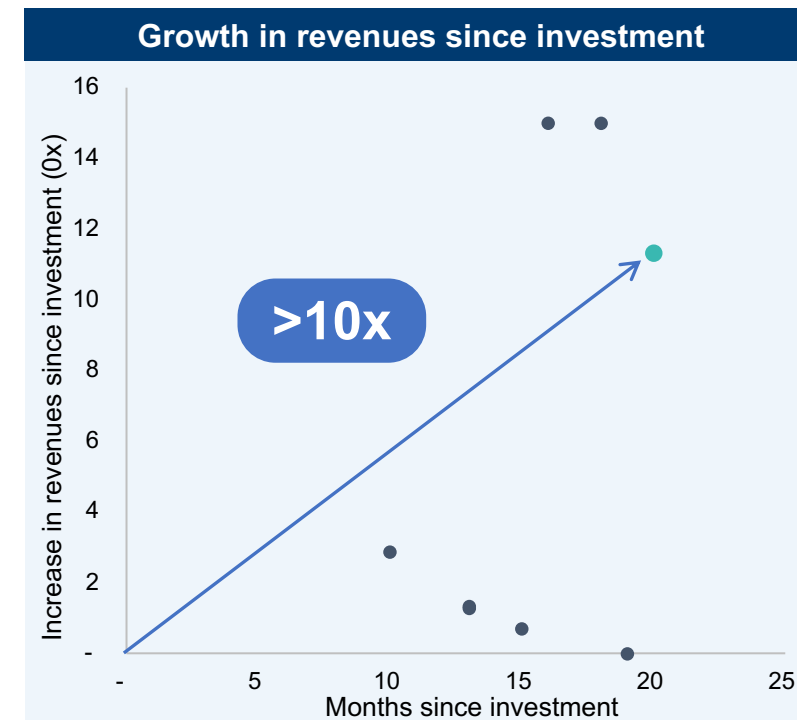
## World's first offshore green hydrogen



- Offshore green hydrogen "HOPE" project, Belgium (Lhyfe)
- 10 MW/up to 4 tonnes of green hydrogen produced a day
- Strohm selected as pipeline supplier

# Sunfire GmbH investment (Supply chain)

<b>Description</b>	 <p>German industrial electrolyser producer, of pressure alkaline (AEL) and solid oxide electrolysers (SOEC)</p> <p><a href="http://www.sunfire.de">www.sunfire.de</a></p>
<b>Investment size / date / % of NAV</b>	<ul style="list-style-type: none"> <li>£22m / Oct 21 &amp; Jan 23 / 20% of NAV</li> </ul>
<b>Co-investors</b>	<ul style="list-style-type: none"> <li>Planet First Partners, Lightrock, SMS, Neste, CIP, Carbon Direct Capital Management, Blue Earth Capital, Amazon</li> </ul>
<b>Why we invested</b>	<ul style="list-style-type: none"> <li>Industry-leading electrolyser manufacturer</li> <li>Revenues from a growing global customer base</li> <li>Strong product credentials with top in-house engineering and product design</li> <li>500MW / annum electrolyser production at three sites in EU</li> </ul>
<b>Total Addressable Market</b>	<ul style="list-style-type: none"> <li>&gt;£40bn (by 2030)</li> </ul>
<b>Recent developments</b>	<ul style="list-style-type: none"> <li>FID of 30MW green hydrogen at Bad Lauchstädt Energy Park</li> <li>Successfully installed a 2.6MW solid oxide electrolyser- the world's largest - at the Neste MultiPLHY hydrogen project, in Rotterdam.</li> </ul>
<b>Key milestones</b>	<ul style="list-style-type: none"> <li>Building up alkaline capacity to &gt;GW scale to match order book</li> <li>Conversion of strong revenue growth to EBITDA to underpin exit for investors</li> </ul>



FV movement includes £1.8m further investment in Jan 23

## Identifying the best investment opportunities

Strong management teams

Revenue-generating equipment suppliers

Distinctive project developers

Avoided GHG potential

10-15% target return incl. exits<sup>1</sup>



Specialist team

Active stewardship

Grow EBITDA and exit

>£500m pipeline

## Clear strategy to grow NAV

(1) For an investor in HGEN at IPO, the total NAV return target is a target only and not a profit forecast. There can be no assurance that this target will be met, or that the Investment Trust will make any distributions or returns at all and it should not be taken as an indication of the Investment Trust's expected future results. The Investment Trust's actual returns will depend upon a number of factors, including but not limited to the size of the Investment Trust, currency exchange rates, the Investment Trust's net income and level of ongoing charges. Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Investment Trust and should decide for themselves whether or not the target total NAV return is reasonable or achievable. The illustrative returns has been calculated on the basis of various assumptions and inputs. There can be no assurance that these assumptions and/or inputs will be correct or that the associated potential revenues and returns will be generated.

# Fund holdings

	As at 30 Jun 2023		As at 31 Mar 2023	
	NAV £m	NAV %	NAV £m	NAV %
<b>Private portfolio</b>				
Sunfire GmbH	26	20%	24	19%
Elcogen Plc	21	17%	21	16%
Stroh Holding B.V.	18	14%	15	12%
NanoSUN Limited	13	10%	14	10%
Cranfield Aerospace Solutions	10	8%	9	7%
HiiROC Ltd	10	8%	13	10%
Bramble Energy Limited	8	7%	8	6%
HH2E AG	4	3%	5	4%
Gen2 Energy	4	3%	4	3%
HH2E Thierbach Project	2	1%	1	1%
<b>Private portfolio</b>	<b>118</b>	<b>91%</b>	<b>114</b>	<b>88%</b>
<b>Listed portfolio</b>	<b>3</b>	<b>2%</b>	<b>4</b>	<b>3%</b>
<b>Total investments</b>	<b>121</b>	<b>93%</b>	<b>118</b>	<b>91%</b>
Cash and other assets	9	7%	11	9%
<b>Net Asset Value</b>	<b>130</b>	<b>100%</b>	<b>129</b>	<b>100%</b>

## Contact us

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