

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 of 103.56 pence; an increase of 0.6% since 31 December 2023 (102.99 pence), and an increase of 3.6% since 31 March 2023;
- Continued revenue growth from private portfolio companies, delivering an aggregate £81 million in total revenue in the 12 months to 31 March 2024, an increase of 103% compared to the 12 months to 31 March 2023;
- Sunfire announced a successful equity funding round, part of a wider funding package totalling more than €500 million;
- The Baker Hughes investment in Elcogen marked the close of a €140 million funding round, underpinning the construction of a new plant in Estonia, leading to a 6% increase in carrying value;
- At HH2E, ahead of an upcoming external funding round, corporate consolidation was undertaken and a new green hydrogen project was also added to the Company, with the carrying value increasing by 32%;
- HiiROC, a global technology leader in patented Thermal Plasma Electrolysis (“TPE”), received a strategic investment to accelerate its expansion and sales into the US, with the carrying value increasing by 49%; and
- Cash position of £4.1 million as at 31 March 2024, and £0.4 million of listed hydrogen companies.

Investment Adviser's commentary on the quarter

The quarterly NAV increase was driven primarily by valuation uplifts to the Company's portfolio of private investments, positively contributing 2.10 pence (2.1%) per share to the NAV movement.

The increase in NAV was underpinned by increases in multiple holdings including HiiROC, HH2E and Elcogen, partly offset by NAV decreases in Swift Hydrogen, Strohm and Gen2 Energy. The NAV update includes a number of movements as a result of external price benchmarks and pricing in follow on investment rounds. New equity investments in Elcogen, Sunfire and HiiROC all validate the Company's carrying values of these portfolio company investments.

Private valuations at the end of the quarter followed International Private Equity and Venture Capital Valuation guidelines. The portfolio weighted average discount rate at 31 March 2024 was 14.3%, higher than 31 December 2023 (14.2%), decreasing NAV by 1.2 pence per share. The portfolio weighted average discount rate at 31 March 2023, by contrast, was 12.8%, with higher discount rates reducing 31 March 2024 NAV by 8.0 pence per share.

During the 12 months to 31 March 2024, private portfolio companies delivered an aggregate unaudited £81 million in revenue, a 103% increase compared to the 12 months ending 31 March 2023, on a pro-forma basis. These positive financial trends reflect the build out of capacity to meet strong order books for hydrogen supply chain equipment.

The Company's investments have resulted in 91,116 tonnes CO₂e of avoided greenhouse gas emissions in FY2023, some 325 times higher than Company Scope 1, and 3 emissions. Full details of this were published recently in HydrogenOne's first Sustainability Report, which can be found on the Company's website.

As announced in February, the Company has implemented a restructuring of NanoSUN, and re-launched the streamlined business, renamed as Swift Hydrogen Ltd (“Swift”). The Company now wholly owns Swift, up from 23%, which is being held at nominal value pending further corporate developments.

Investments in the quarter totalled £1.4 million, comprising a number of follow-ons in existing portfolio companies. Cash and cash equivalents were £4.1 million, with an additional £0.4 million of listed hydrogen companies at the end of the quarter.

The Company has recently delivered a number of transactions that underscore and add to the carrying values of portfolio companies, as part of a strategy of co-investing with strategic investors and global corporations.

Sunfire completed a Series E financing round totalling over €500 million, including €215 million in equity capital, approximately €200 million in grant funding and up to €100 million provided by the European Investment Bank (“EIB”). Sunfire's revenues have expanded ten-fold since the Company's initial investment in 2021, and we continue to anticipate a robust growth trajectory. The Company has exercised its rights to make a follow-on investment in Sunfire as part of this funding round, which mitigates the potential impact of dilution by leaving the Company's stake in Sunfire unchanged.

As announced in April, Baker Hughes made a strategic investment in Elcogen, following investment from HD Hyundai in 2023, part of a €140 million fundraise overall. This supports the go-ahead of the Elco-1 plant project in Estonia, and has resulted in a 16% increase in carrying value (£25.9 million) since 30 September 2023.

A new strategic investor recently invested into HiiROC, and combined with further investment from Cemex in 2023, and orders for equipment, has resulted in an increase of 49% in the Company's carrying value (£20.4 million) at 31 March 2024.

The Company implemented a corporate restructuring of HH2E, alongside Foresight Group, subject to customary closing, ahead of planned material third party fund raising for HH2E green hydrogen projects in Germany. The Company has exchanged its development rights for five project SPVs, including the Thierbach SPV, for equity in HH2E. In parallel, the Lubmin SPV, which was previously carved out of the Company's direct holdings, has also been combined with HH2E in a non-cash transaction for the Company. The 31 March 2024 NAV for HH2E reflects this transaction, by combining previous holdings in Thierbach with HH2E, with a 32% accretion (£2.9 million) in value of the combined position.

At 31 March 2024, the Company has invested in multiple private investments, in the UK and Europe, representing 99.7% of its invested portfolio by value. Additional investment in strategic, global hydrogen equities represented 0.3% of the invested portfolio. The Company continues to exit from its listed holdings, and to focus on private investments.

The portfolio continues to perform in line with the expectations of the Investment Adviser, HydrogenOne Capital LLP.

Portfolio news during the quarter

	<p>Sunfire GmbH, a leading German industrial electrolyser producer (20.9% of NAV)</p> <p>sunfire.de</p>
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- As announced in March, Sunfire successfully completed Series E financing round, totalling over €500 million. This makes Sunfire one of the best capitalised electrolyzer manufacturers in the industry.
- Installed Finland's first industrial-scale electrolysis plant in Harjavalta, with a 20MW alkaline electrolyzer now in place.
- Together with Linde Engineering Dresden, Fraunhofer Institute for Ceramic Technologies and Technologies and Systems IKTS, Sunfire presented the "HyDresden" initiative, aiming to position Dresden internationally as an innovative location for green hydrogen technologies.

	<p>Elcogen AS, a leading innovator and supplier of solid oxide fuel cell and electrolyser components (19.4% of NAV)</p> <p>elcogen.com</p>
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- In collaboration with Convia, completed field testing for an industrial scale solid oxide electrolyser system delivering green hydrogen at superior efficiency compared to incumbent technologies. System performance was very high, with electrical efficiency over 85%, which equates to 20-30% less electricity used when compared with competing PEM and alkaline technologies.
- In April 2024, the Company announced a strategic investment by Baker Hughes in Elcogen, part of an overall funding package totalling €140 million to continue to scale up Elcogen's leading solid oxide cell technology for green hydrogen. This follows strategic investment by HD Hyundai in October 2023, and further underscores the Company's strategy of backing the leading innovators in the hydrogen industry.
- Also in April 2024, announced key contracts, including land purchase, construction, and clean power supply for a new 100MW factory facility in Tallinn, Estonia, with a manufacturing capacity ultimately reaching 360MW, to meet increasing demand for its solid oxide cells and stacks products.

	<p>HiiROC Limited, a UK company with patented Thermal Plasma Electrolysis (TPE), which produces affordable, zero-emission hydrogen using biomethane (15.3% of NAV)</p> <p>hiiroc.com</p>
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- Alongside Centrica, won the Innovation Project award at Hydrogen UK's 2024 Awards for their partnership in developing its technology to the large demonstration stage. HiiROC's patented Thermal Plasma Electrolysis ("TPE") technology converts biomethane, flare gas or natural gas into clean, affordable hydrogen with solid carbon black as a valuable by-product.
- In April 2024, new strategic investment to accelerate HiiROC's expansion into the US. The collaboration will see HiiROC leverage new sales channel partnerships, expertise in energy supply and distribution, and the marketing of 'drop-in fuels' to support this expansion.

	<p>Strohm Holding B.V., a Netherlands-based hydrogen pipeline company (12.4% of NAV)</p> <p>strohm.eu</p>
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- Successfully completed an extensive hydrogen testing programme on its Thermoplastic Composite Pipes ("TCP") at Tüv-Süd in Germany. The results demonstrate Strohm's TCP technology feasibility as a robust and reliable solution for offshore hydrogen infrastructure, offering corrosion resistance, superior fatigue life, and a reduced environmental footprint.

	<p>HH2E AG, a green hydrogen project developer with a focus on industrial customers in Germany (8.9% of NAV)</p> <p>hh2e.de</p>
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- GASCADE confirmed the grid connection of HH2E's green hydrogen production site in Lubmin on the German Baltic coast to the European Gas Pipeline Link. Initially, the pipelines will transport a mix of hydrogen and natural gas.
- As announced in April 2024, the Company agreed to a corporate restructuring of HH2E, subject to customary closing, which exchanged interests in five SPVs including Thierbach, and interests in a new SPV, Lubmin, for equity in HH2E.

	<p>Cranfield Aerospace Solutions Ltd ("CAeS"), a UK hydrogen flight innovator (8.7% of NAV)</p> <p>cranfieldaerospace.com</p>
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- Stratus 9, an innovator in private aviation and fractional ownership, announced plans to acquire 10 (with options for up to 15) of CAeS hydrogen propulsion conversion kits for the B-N Islander aircraft. The deal, valued at over US\$20 million, paves the way for the first zero-emissions fractional ownership programme in the United States.
- Alongside Exeter Airport Consortium and ZeroAvia, was selected by the UK Civil Aviation Authority to work closely with the regulator to increase readiness of industry and the regulator for hydrogen fuel in flight.
- Joined a consortium of 13 partners of the Sustainable Aviation Test Environment, the UK's first low-carbon aviation test centre based at Kirkwall Airport in Orkney.
- Cranfield University, a major shareholder in CAeS, was awarded £69 million by Research England's Research Partnership Investment Fund, and industry partners and academic institutions, to create the Cranfield Hydrogen Integration Incubator, which is the largest financial injection for research that Cranfield University has ever secured.

	<p>Bramble Energy, a UK-based fuel cell and portable power solutions company (8.4% of NAV)</p> <p>brambleenergy.com</p>
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- Launched PCBFC™ Gen. 2, a fuel cell system that represents a 30% cost reduction from Gen 1.
- Deployed its PCBFC technology in a hydrogen powered boat in the HyTime project, working alongside custom engine builder Barrus. In a maritime first, the 57-foot narrowboat has successfully completed testing, emissions-free, using a custom marinised fuel cell system. The fuel cell system has the potential to provide the vessel with approximately 600 miles of range using the 14kg of hydrogen stored on-board.

	<p>Gen2 Energy, a Norwegian green hydrogen project developer (2.6% of NAV)</p> <p>gen2energy.com</p>
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- Together with Norsk e-Fuel, signed a new collaboration agreement, whereby the two companies plan production facilities on neighbouring plots at the Nesbruket industrial site in Mosjøen, Norway. The collaboration agreement addresses Gen2 Energy's production and supply of green hydrogen "over the fence" to Norsk e-Fuel and Norsk e-Fuel's use of the hydrogen to produce fossil-free fuels for the aviation industry.

Key statistics as at 31 March 2024 (unaudited)

Sector	Renewable Energy Infrastructure
Net asset value (NAV)	£133.4m
NAV per share	103.56p
Share price	45.35p
Premium / (Discount) to NAV	(56.2)%
3-month NAV return	0.6%
Market capitalisation	£58.4m
Capital deployed in low-carbon growth	£115.1m
Number of shares in issue	128,819,999

Investment Adviser

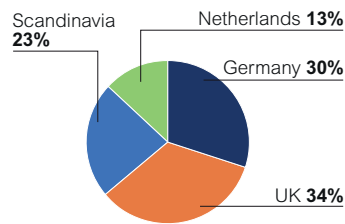


Dr JJ Traynor, Managing Partner
Former senior executive at Shell, BP and Deutsche Bank



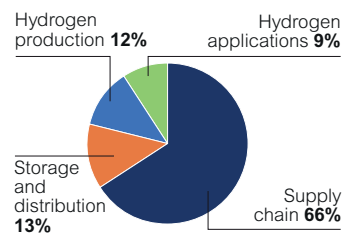
Richard Hulff, Managing Partner
Former Fund Manager at Artemis; senior executive at EY and Exxon

Portfolio segmentation by geography

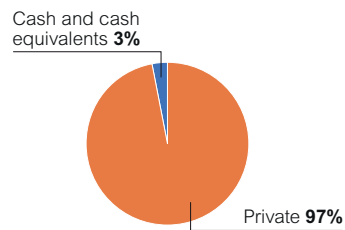


Note: Elcogen is now included within Scandinavia (previously included as UK)

Portfolio segmentation by theme



Portfolio segmentation by asset class



Note: the charts above show fund portfolio at 31 March 2024. Private Hydrogen Assets are valued in accordance with the valuation methodology at each period end.

Private investments % of NAV

1. Sunfire GmbH Supply Chain (Electrolysers)	20.9%
2. Elcogen AS Supply Chain (Fuel cells)	19.4%
3. HiiROC Limited Supply Chain (Electrolysers)	15.3%
4. Strohm Holding B.V. Storage & Distribution (Supply services)	12.4%
5. HH2E AG Hydrogen Production (German project developer)	8.9%
6. Cranfield Aerospace Solutions Ltd Hydrogen Applications (Aircraft manufacturer)	8.7%
7. Bramble Energy Supply Chain (Portable power units)	8.4%
8. Gen2 Energy Hydrogen Production (Norway project developer)	2.6%
9. Swift Hydrogen (NanoSUN) Storage & Distribution (Supply services)	<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

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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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