HydrogenOne Capital Growth plc

HALF-YEARLY REPORT 2023

HydrogenOne
CAPITAL | FUTURE FUEL. NOW

Contents

* *unaudited*

hydrogenonecapitalgrowthplc.com

About us

HydrogenOne Capital Growth Plc ("HGEN", "the Company") is the first London-listed fund investing in clean hydrogen for a positive environmental impact.

The Company was launched in 2021 with an investment objective to deliver an attractive level of capital growth by investing, directly or indirectly, in a diversified portfolio of hydrogen and complementary hydrogen focused assets whilst integrating core ESG principles into its decision making and ownership process. The Company is an Article 9 climate impact fund under the Sustainable Finance Disclosure Regulation (the "SFDR").

- A unique offering to investors - leadership in a new green energy technology sector from the first London listed hydrogen fund.
- Strong orientation to ESG mandates, investing capital in low-carbon growth and enabling the avoidance of GHG emissions.
- Significant pipeline of >£500m of potential investments to deliver 10-15% average NAV growth, including exits.
- First mover advantage in the hydrogen sector, which is accelerating faster than anticipated with positive growth outlook.
- Investment Adviser's track record in energy and capital markets.

>£110m
Deployed in low-carbon growth for avoided GHG

£129.7m
Net Asset Value

SFDR Article 9
Climate impact fund

>83,000 tonnes
CO_2e emissions avoided in half year to 30 June 2023

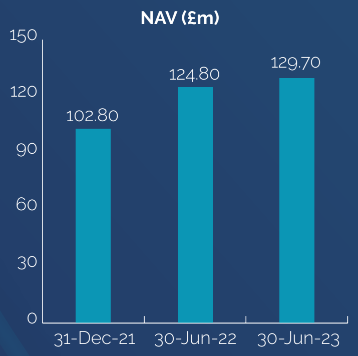
Investing in clean hydrogen for a climate-positive impact

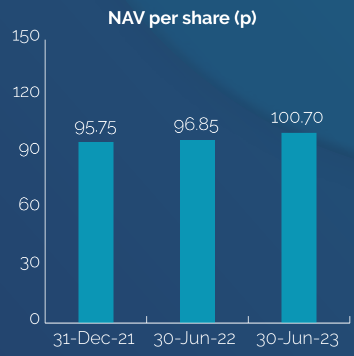
High Growth Segment London Stock Exchange
Green Economy London Stock Exchange
Sustainable Development Goals
PRI Principles for Responsible Investment
UKSIF UK Sustainable Investment and Finance Association
Greenhouse Gas Protocol

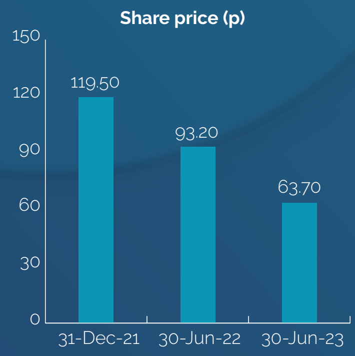
Strategic report
Governance
Financial statements
Other information

Highlights and key metrics

At a glance







Financial and operational

- NAV increased by 3.4% from £125.4 million at 31 December 2022 to £129.7 million at 30 June 2023. NAV per share increased to 100.7p at 30 June 2023. The share price has declined by 19.7% in the same period. NAV increased by 3.9% from £124.8 million at 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;
- The Company estimates the carrying value of the private portfolio is at least 30% lower than comparable listed hydrogen companies, underlining our focus on private assets and our robust valuation methodology;
- Investment activity centred on follow-ons, with one new investment. During the six months ended 30 June 2023, the Company successfully completed its first investment in a private hydrogen project (Thierbach project in Germany) and made further investments in three Private Hydrogen Assets in its portfolio, totalling £8.0 million;
- The portfolio weighted average discount rate at 30 June 2023 was 13.7% (30 June 2022: 12.4%) resulting in a 5.1 pence per share reduction in NAV between 30 June 2022 and 30 June 2023;
- The Company has retained an uncommitted cash position of £8.9 million as at 30 June 2023, and £3.0 million of listed hydrogen companies at the end of the period;
- A further investment has been completed post-period end in NanoSUN for £1.0 million; and
- The fundamentals of the clean hydrogen sector continued to strengthen, despite recent weak macro-economic conditions. The Company has seen some £13 billion of investment in green hydrogen year-to-date, a 380% increase over 2022 levels, underscoring the positive industry outlook and supportive regulatory regimes for clean hydrogen.

Environmental, Social and Governance (“ESG”)

- Classified as an Article 9 Fund under the SFDR;
- Introduction of 6 month reporting of key ESG metrics; 83,497 tonnes of Greenhouse Gas (tCO2e) emissions avoided in the six months ended 30 June 2023 and 134,076 tCO2e since IPO;
- 87.6% alignment with EU taxonomy for sustainable activities (the “EU Taxonomy”) assessment on Private Hydrogen Assets at 30 June 2023;
- £111 million deployed in low-carbon growth (since fund inception);
- Potential 592 MWh lifetime clean energy capacity in six months ended 30 June 2023 and 227,292 MWh since IPO;
- 1,293 jobs supported; and
- Continued stewardship activity with portfolio companies to further enhance ESG credentials and reporting, with 6 month reporting of key metrics introduced.

	At 30 June 2023	At 31 December 2022	% change[1,2]
NAV per Ordinary Share	**100.70 p**	97.31p	3.5%
NAV	**£129.7 m**	£125.4m	3.5%
Ordinary share price	**63.70p**	79.30p	(19.7%)
Market capitalisation	**£82.1 m**	£102.2m	(19.7%)
Share price premium/(discount) to NAV[1]	**(36.7%)**	(18.5%)	(98.4%)
Ongoing charges	**2.62%**	2.51%	4.3%
Cumulative capital deployed in low-carbon growth since inception	**£111.1m**	£102.9m	8.0%
GHG emissions avoided	**83,497 tCO_2e**	42,716 tCO_2e	n/a
The EU taxonomy alignment	**89%**	89%	n/a

1 *These are alternative performance measures*

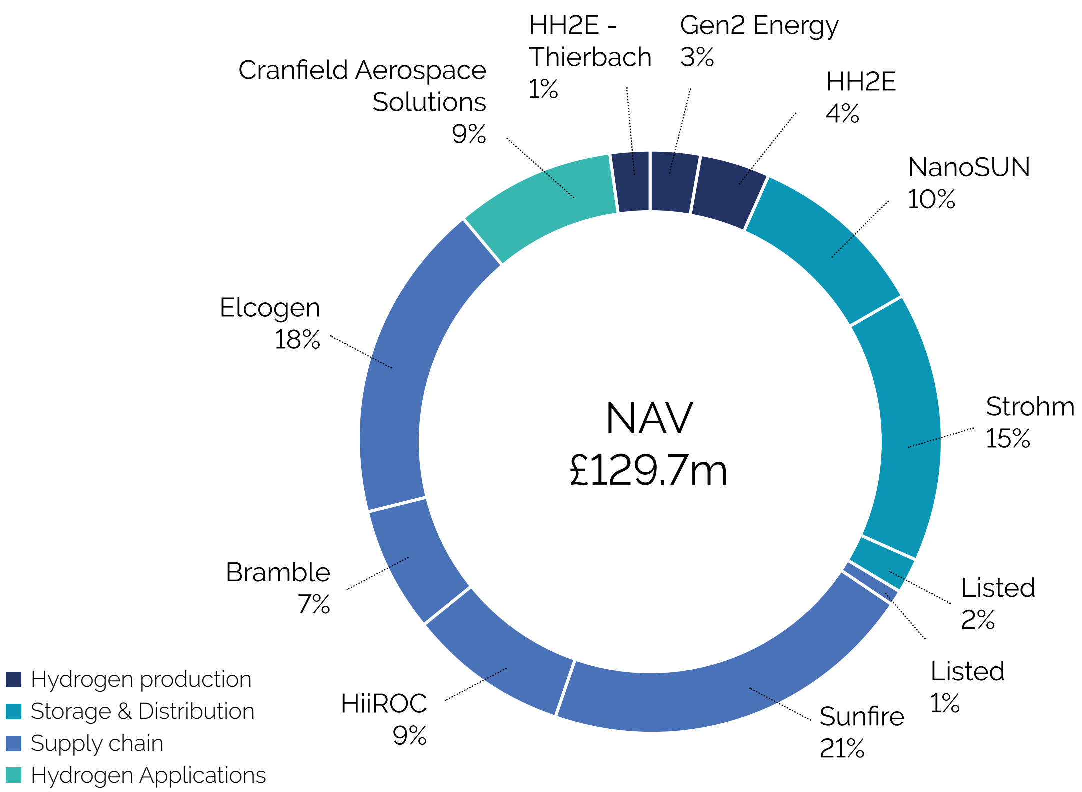
2 *Total returns in sterling for the six months to 30 June 2023*

Alternative Performance Measures ("APMs")

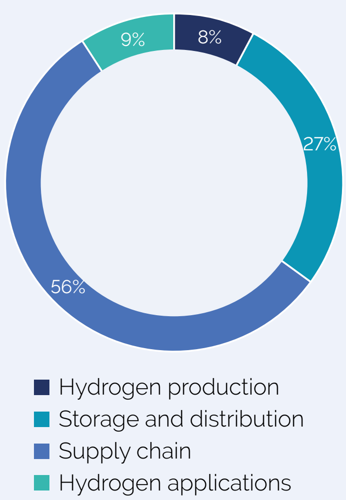
Alternative Performance Measures ("APMs"). The disclosures above are considered to represent the Company's APMs. Definitions of these APMs and other performance measures used by the Company, together with how these measures have been calculated, can be found on page 54.

Portfolio at a glance

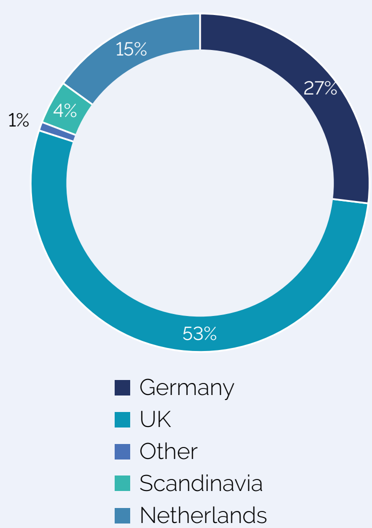
Portfolio composition (as at 30 Jun 2023)



Portfolio segmentation by theme



Portfolio segmentation by geography



Chair's statement

On behalf of the Board, I am pleased to report on the six-month period ended 30 June 2023.

Simon Hogan *Chairman*

During the period, the Company has continued to deliver consistent growth in the value of our private portfolio, through implementing our distinctive strategy of investing in the clean hydrogen opportunities not readily accessible elsewhere. With the majority of IPO funds now deployed, our approach has focused on incremental investments in existing portfolio companies, backing these management teams to deliver their growth plans, and assessing new growth opportunities. ESG is fully embedded in our investment decisions, and the Board is pleased to see the introduction of six-monthly ESG reporting. The Company is dedicated to further developing and progressing our ESG framework to achieve the highest reporting and performance levels.

The Company continues to see strong support for the energy transition from governments around the world and views the policy focus in this area as a catalyst for further growth. The fundamentals of the hydrogen sector continued to strengthen, despite weak macro-economic conditions, enabling us to identify unique accretive opportunities to invest in, across the entire value chain of the sector. Today the Investment Adviser is tracking over 170 completed projects totalling 800MW globally. In addition, the Investment Adviser are monitoring 13GW in projects that are under construction or advanced development with investment in land, electrolysers and FEED studies. Some 4.5GW of this is under construction currently.

Overall, despite the uncertainty of the current economic environment, the Board remains confident that the Company is investing in a sector with a favourable outlook and believes in its growth potential as illustrated by the strength of our current pipeline of private clean hydrogen investments.

So far 2023 has seen the continuation of the market uncertainties created by the aftermath of COVID-19, and Russia's on-going invasion of Ukraine. This has resulted in high energy price volatility and supply chain issues, putting pressure on the economy, and contributing to inflation and higher interest rates. The Investment Adviser is seeing fundamental shifts in energy policy in many countries in response to this, in order to accelerate the transition to a low carbon economy and improve energy security.

However, share prices of the innovative growth companies required to enable this transition, including the Company's, have seen considerable pressure over the first half of 2023. The global downturn has also affected our ability to raise capital in 2023, having last completed an equity raise of £21 million in April 2022.

The Board continues to monitor wider market events as they relate to the Company, including the share price volatility in the market price of its shares and the discount to NAV at which the shares have traded through 2023. The Board is not aware of Company-specific factors that have led to the prevailing discount to net asset value to which the Company's shares trade and believes this is primarily driven by wider market events including the sudden, material rise in interest rates and an unfavourable macroeconomic backdrop. We are focused as a Board on improving the share price for our investors, and believe that this can be achieved by crystalising value through third party investment in portfolio companies, and asset sales, delivered to maximise NAV, over time.

In a further parallel development, listed funds have come under scrutiny from investors regarding the valuation of portfolios of private investments. The Company applies a consistent approach to portfolio valuation, centred on discounted cash flows, using the International Private Equity and Venture Capital Valuation 2022 ("IPEV") Guidelines. Share prices in the listed markets are reflected in the valuation of the Company through listed assets in the portfolio. The details of these valuations are set out later in this report. The resulting private valuation that has been set out in this report has an implied forward revenue multiple of 4 times 2024 expected revenues, which is some 30% lower than listed hydrogen sector multiples. This, the Company believes, underscores the robust and conservative approach we are taking to valuations.

The Board meets quarterly with the Company's Investment Adviser and holds regular meetings to review all of the Company's investment valuations. The Board also has regular contact with the Investment Adviser outside of formal Board meetings. I and other Board members attended the Company's Capital Markets Day earlier this year, and met some of our investors and analysts, and the management teams of all the private companies that we have invested in. The Investment Adviser has a dedicated investment team, and has the right to be represented on all of the boards of the private assets.

The Board and Company is committed to the aim of the Company that seeks to generate NAV returns of 10-15% over

Chair's statement

time, including proceeds from exits, whilst investing in clean hydrogen for a climate positive impact.

Our diversified approach to portfolio construction has provided resilience and our investment case has been reinforced further by macro tailwinds and supportive regulatory regimes in the clean hydrogen sector, particularly in the EU and the USA. More than ever before, we remain confident that the Company is investing in a sector with a favourable outlook and a substantial growth potential. Macro events have refocused efforts on the need to reduce global reliance on fossil fuels, with the Company well-positioned to continue investing in low-carbon growth, aimed at reducing harmful emissions, improving energy security and driving the energy transition.

Performance

During the period, the Company continued to selectively deploy capital into the clean hydrogen sector, totalling £8.0 million in the first half of 2023. The emphasis has been on follow-on investments in existing positions, with the 2021 IPO proceeds largely deployed. This comprised –

- One new private investment completed, at a green hydrogen production project at Thierbach, in Germany, managed by HH2E AG. The Company committed to invest £2.5 million (EUR 2.8 million) into further maturing this project, ahead of final investment decision, alongside other institutional investors and HH2E. To date, £1.9 million of this commitment has been drawn;
- The Company invested £2.9 million in hydrogen flight innovator Cranfield Aerospace Solutions Ltd, alongside Safran Corporate Ventures and the Strategic Development Fund;
- The Company invested £1.8 million follow-on in Sunfire AG, a leading electrolyser developer and supplier; and
- The Company invested £1.5 million follow-on in NanoSUN, a hydrogen technology, transportation and distribution business.

Including further follow-on investment completed post period end, the Company has deployed a total of £112 million, or 88% of the net proceeds raised of £126 million, into low-carbon growth companies.

At 30 June 2023, the Company's Private Hydrogen Assets comprised ten investments in hydrogen assets in the UK and Europe with an aggregate value of £117.5 million, as well as a small allocation to strategic listed hydrogen companies.

Eight of the Company's private investments, representing 89% of its invested portfolio by value, are revenue-generating, producing equipment and technology solutions for clean hydrogen production. The aggregate revenue from these investments was £52 million in the 12-month period to 30 June 2023, an increase of 170% from the prior year.

The total NAV on 30 June 2023 was £129.7 million, including a £120.5 million portfolio valuation, of which £3 million is in liquid, listed positions, £8.9 million is in cash held by the Company with other net assets of £0.3 million.

At 30 June 2023, the NAV per share of the Company was 100.70 pence, representing an increase of 3.87 pence per share (3.9%) in the 12 month period. The increase was driven primarily by valuation uplifts to the Company's portfolio of private investments, positively contributing 6.75 pence per share to the NAV increase.

Despite this growth delivery from our Private Hydrogen Assets, the Company's share price ended the period on a discount to NAV and in common with much of the investment trust sector, in large part due to unfavourable macro-economic conditions.

Earnings and dividend

The Company reported a gain after tax of £4.4 million for the period, equal to 3.39 pence per share.

The Company's dividend policy is to only pay dividends in order to satisfy the ongoing requirements under the Investment Trust (Approved Company) (Tax) Regulations 2011. The Company has paid no dividend during the period, as we continue to focus on growth investments.

ESG

Since our launch in 2021, we have set our focus for the Company specifically on investing in clean Hydrogen Assets and their role in the energy transition, combined with wider ESG principles, leading to avoided GHG emissions and targeting net negative emissions.

Our commitment to positively contribute to climate change mitigation, whilst integrating core ESG principles into our decision making and ownership process, is at the core of everything that we do as a company. The Company is classified as an Article 9 Fund, the highest classification under the SFDR regulation. We are a signatory of the PRI, a United Nations supported network of financial institutions that promote sustainable investments. In collaboration with our portfolio companies, we will push forward with our sustainable investment objectives as we continue to deploy capital in low-carbon growth.

In addition to a climate-positive impact, particular focus is placed on engagement to deliver effective boards and the encouragement of sustainable business practices. These, and other issues, are reviewed and integrated prior to any investment decision, and managed thereafter through close relationships with the Company's private company investments.

We are pleased to be once again publishing the external reporting of the Company's performance, including EU taxonomy alignment of our portfolio companies and avoided GHG emissions disclosures, which can be found in the ESG section of this report. This is the first interim report for the Company that reports on this basis.

Events after the period end

The Company completed a £1.0 million follow-on investment in NanoSUN alongside Westfalen and NanoSUN management.

Outlook

Our diversified portfolio approach has provided resilience and our investment case has been reinforced further by macro tailwinds and supportive regulatory regimes in the clean hydrogen sector, particularly in the EU and the USA. There are considerable uncertainties on the near-term macro-economic outlook and capital raising capacity of the listed funds sector. Nevertheless, we remain confident that the Company is investing in a sector with a favourable outlook and a substantial growth potential.

Whilst market sentiment is outside of our control, the Company anticipates the continued solid performance of our portfolio, revenue growth and delivery of key milestones will be catalysts for appreciation in our share price.

All of this underpins our target to deliver 10-15% annual NAV growth over time, and I believe that our Investment Adviser, whose principals have over 60 years of combined specialist experience and track record, is well-placed to deliver on these projected targets.

On behalf of the Board, I would like to thank all of our shareholders for their support, as we continue to grow our unique and diverse portfolio of leading clean hydrogen investments.

Simon Hogan
Chairman

19 September 2023

Investment Adviser's report

About the Investment Adviser

The Company's Alternative Investment Fund Manager ("AIFM"), Fundrock Management (Guernsey) Limited, (part of Apex Group), and the Company have appointed HydrogenOne Capital LLP as the Investment Adviser to the AIFM in respect of the Company.

Its key responsibilities are to originate, analyse, assess and recommend suitable investments within the hydrogen sector, and advise the AIFM accordingly. Additionally, the Investment Adviser performs asset management services in relation to the investments in the portfolio or, to the extent asset management is delegated to third parties, oversees and monitors such asset management.

HydrogenOne Capital LLP was founded in 2020 by Dr JJ Traynor and Richard Hulf as an alternative investment firm focused specifically on investing in Hydrogen Assets and their role in the energy transition. As a responsible investor, HydrogenOne Capital LLP is committed to contributing to the energy transition through the financing of sustainable investments and by providing investment solutions that reduce carbon emissions.

HydrogenOne Capital LLP employs a fully integrated investment and asset management approach and integrates its focus on ESG criteria throughout the entire investment process.

The Principals of the Investment Adviser

The principals of the Investment Adviser have in excess of 60 years of combined experience and a track record of success in the energy industry and capital markets which are directly applicable to the hydrogen industry, including acquisitions, mergers and divestments, development of growth energy projects, supervision of profitable energy production, ESG track record, investments in both listed and private companies and board advisory.

Dr JJ Traynor - Dr John Joseph "JJ" Traynor has extensive experience in energy, capital markets, project management, and M&A. He has held a series of senior energy and banking sector positions, including Executive Vice President at Royal Dutch Shell, where he led investor relations and established the company's ESG programme; Managing Director at Deutsche Bank, where he was the number one ranked analyst in European and Global oil & gas; Geologist at BP, in the North Sea, West Africa and Asia Pacific. He has a Geology BSc from Imperial College and a PhD from Cambridge University. He attended the INSEAD Advanced Management Programme and is a Fellow of the Geological Society of London.

Richard Hulf - Richard Hulf is a fund manager with corporate finance and engineering background. Richard has 30 years of experience in the Utilities and Energy sectors and is a Chartered Engineer, originally from Babcock Power and latterly Exxon. In addition, his financial experience spans stock broking, corporate finance, and fund management with Henderson Crosthwaite, Ernst & Young and Artemis Investment Management, where he invested into renewables companies. He has an MSc in Petroleum Engineering from Imperial College.

The Investment Adviser's team

The principals have assembled an experienced team to support the Company. This group brings a mixture of finance, technical and sector skills to support the Investment Adviser in its day-to-day activity. The Investment Adviser has established a team which is responsible for financial modelling, corporate and asset valuation analysis, and opportunity assessment for the Company.

Advisory Board of the Investment Adviser

The principals of the Investment Adviser are supported by an experienced team which comprises the Advisory Board. The Advisory Board has been carefully selected to provide expert advice to the Investment Adviser on the hydrogen sector, project finance and capital markets. The Investment Adviser has appointed the members of the Advisory Board to provide it with advice from time to time. No members of the Advisory Board are directors, officers, employees or consultants of the Company, the AIFM or the Investment Adviser. It is envisaged that the Advisory Board will expand over time, with additional experts being added or substituted as and when required.

Market review and outlook

The Investment Adviser recently published its annual review of the hydrogen industry, The Bluffer's Guide to Hydrogen, which is available on the Company's website, at https://hydrogenonecapitalgrowthplc.com/the-hydrogen-market/hydrogen-sector-reports/.

Policy makers and industry are converging on clean hydrogen as a core technology to deliver net zero, improved air quality and enhanced energy security.

Hydrogen policies and support mechanisms

	USA	EU	UK	RoW
Legislation	Inflation Reduction Act (2022)	• REpowerEU • (2022) • RED II (2009+) • Fit for 55 (2023)	• Hydrogen Strategy (2021) • UK Low Carbon Hydrogen Standard	At least 39 countries and territories have clean hydrogen strategies
Scope	Green & blue	Overwhelmingly green. Blue lobby continues	Green & blue	Green dominates
Enablers	• 'Hydrogen Hubs' $8bn • IRA tax credits	• IPCEI (>E5bn so far) • Country level grants • EU Hydrogen Bank	• Net Zero Hydrogen Fund • UKIB (share of £18bn)	Typically top down GW targets for 2030-50
Credits / subsidy	• Up to $3/kg H2 • Must emit <0.45tCO2/tH2 (green) • Must sequester 4t CO2 per t H2	EU Hydrogen Bank • Auction (2023) for E800m / max E4/kg • E3bn budget • Country-level CO2 credits, eg Germany E30/t CO2	Hydrogen Business Model CFD for revenue or capex • £240m 1st tranche • Must be <20gCO2e/MJ H2 and 99.9% pure	>$70bn announced support
Targets	Est. 22GW/year electrolysis 2028 (1GW 2022)	Est. 300GW 2030 (<1GW 2022)	10GW 2030	$320bn capex required for announced projects to 2030

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The Paris Agreement in 2015 has led at least 40 countries to set out hydrogen policies and US$70 billion of funding as part of net zero targets to deliver the energy transition.

According to the World Health Organisation ("WHO"), some 4.2 million deaths per year are caused by poor ambient air quality, and 91% of the world's population live in places exceeding the WHO's air quality guidelines. Much of this pollution is a result of emissions from internal combustion engines and fossil fuel power plants.

The 2022 Russian invasion of Ukraine has compelled decision makers across the world to focus on the importance of sustained investment and policy support for domestic energy production and, crucially, less reliance on energy imports from overseas. This new drive is further amplifying the demand pull for clean hydrogen from energy transition and air quality needs. As a result, governments and industries have responded with new initiatives to deliver affordable, secure, and sustainable low-carbon energy, with clean hydrogen set to play a vital role.

Alongside this, following Russia's invasion of Ukraine, consumers have seen a significant increase in fossil fuel prices. This change, combined with substantial increases in regional natural gas prices, has improved the relative economics of clean hydrogen compared to grey hydrogen, which is currently the lowest cost and most polluting form of hydrogen supply.

2020 saw EU targets for hydrogen to meet 14% of Europe's energy needs by 2050. In 2022, the EU reshaped its energy policy to the REPowerEU 2030 plan, which calls for an implied over 300GW of clean hydrogen by 2030, compared to 80GW in previous plans. Some EUR 5.4 billion in hydrogen subsidies have recently been approved under Important Projects of Common European Interest ("IPCEI"), which are expected to unlock a further EUR 8.8 billion of private investment. The Hy2Tech scheme, also announced in 2022, links 41 projects and 35 companies building out the hydrogen sector, and has qualified for IPCEI funding. The EU's Hydrogen Bank will auction EUR 800 million of opex subsidy to green hydrogen in 2023. There are additional sources of grant funding at a country level in multiple EU countries.

In the United States, the Department of Energy has announced a US$8 billion programme to develop clean regional hydrogen hubs across the country, as part of net zero ambitions by 2050. The 2022 Inflation Reduction Act set aside US$369 billion for climate and energy proposals. This is expected to make green hydrogen cost competitive with grey hydrogen, and make US clean hydrogen amongst the lowest cost in the world.

Investment Adviser's report

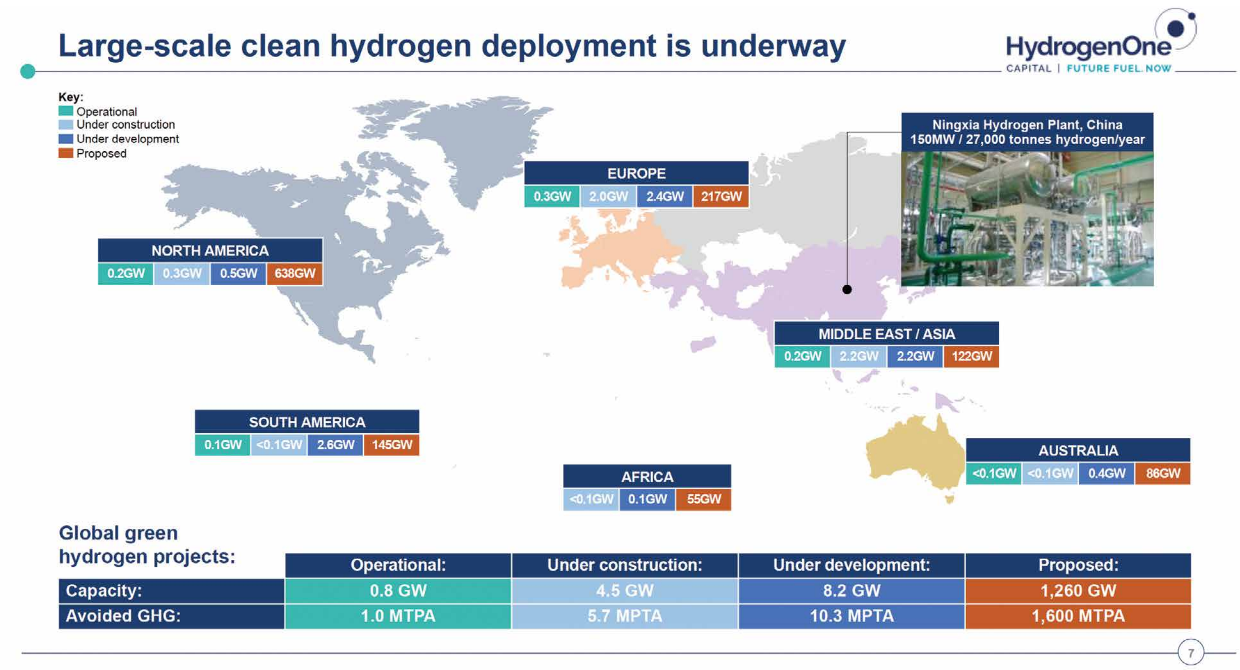
In the UK, 2030 clean hydrogen targets have been doubled this year to 10GW. The UK Government has recently announced a national clean hydrogen subsidy scheme called Hydrogen Business Model ("HBM"), which will use a contracts-for-difference style set-up to help fund an initial 1GW of clean hydrogen projects in 2023, as part of the target to reach 10GW of low-carbon hydrogen by 2030, in a potentially £9 billion sector. This is in addition to the Net Zero Hydrogen Fund ("NZHF") with up to £240 million of grant funding to support the upfront costs of developing and building low carbon hydrogen production projects.

As a further example, in 2019 the Netherlands set targets for 3GW to 4GW of electrolysis by 2030 with multi-billion- Euro funding support announced by the Netherlands government. The government is providing EUR 750 million of funding support for a "hydrogen backbone", retrofitting existing natural gas pipelines to transport hydrogen between five industrial clusters in the Netherlands, and at cross-border connection points. In May 2023, the Dutch government unveiled a EUR 28 billion climate package, which included EUR 7.5 billion for green hydrogen.

The Investment Adviser tracks deal flow in the hydrogen sector. So far in 2023, we have seen some £13 billion of industry investment in green hydrogen, which is a 380% increase compared to full year 2022 levels. Notably, the July 2023 IPO of Thyssenkrupp Nucera, a Germany electrolyser business, raised over EUR 500 million of fresh equity, with a valuation of some EUR 2.5 billion. In Saudi Arabia, the world's largest green hydrogen project, at NEOM, reached financial close, raising £6.6 billion for a 2+ GW project.

All of this underscores the positive industry outlook and supportive regulatory regimes for clean hydrogen. This improving outlook for clean hydrogen demand underpins the order books in many of the Company's investments, particularly in supply chain sectors such as electrolysers, fuel cells, storage and transportation businesses. Many of these businesses have world-wide customer bases for their products, and are attracting investment from international financial and strategic investors.

We are tracking over 170 projects on line today around the world, totalling 800MW, then 13GW in over 140 projects that are under construction or advanced development, with investment in land, electrolysers, FEED studies. Some 4.5GW of this is under construction today, and a further 1,200GW in over 480 projects that have serious intent to build.



Investment portfolio

During the period, the Company has invested a total of £6.2 million into three existing Private Hydrogen Assets, and committed £2.6 million into its first investment in a private hydrogen project, the Thierbach project in Germany. Of this commitment, £1.9 million has been invested at 30 June 2023.

The Company holds £3 million in 15 listed hydrogen companies world-wide. These listed companies have been selected as having the best long term growth potential and attractive valuations. The first half of 2023 has seen general weakness in listed hydrogen companies, as a result of higher market interest rates, which has limited investor appetite for earlier stage growth themes.

Uninvested funds of £8.9 million are currently held in uncommitted cash and cash equivalents in the Company's Liquidity Reserve, ahead of investment.

The Investment Adviser believes that the performance of portfolio companies is in line with expectations. NAV has increased by 3.4% to £129.7 million in the first half of 2023. This has been driven by organic growth in private portfolio companies, with some offset from weaker performance from listed hydrogen companies, exchange rates and fund expenses.

Private portfolio companies generated some £52 million of revenues for the 12 months to Q2 2023, an increase of 170% from the 12 months to Q2 2022 on a pro-forma basis. This has been delivered by the conversion of strong order books into sales, particularly in supply chain and hydrogen distribution equipment companies. The Investment Adviser expects continued strong organic growth from the portfolio. In addition, the Investment Adviser anticipates follow-on funding rounds from new investors in portfolio companies at higher valuations, and exits from multiple portfolio positions via trade sales and IPOs over time.

Valuation

As set out in note 4 of the Financial Statements, the Investment Adviser has carried out fair market valuations of the Private Hydrogen Assets at 30 June 2023, which have been reviewed by the Valuation Committee, and the Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied.

All Private Hydrogen Assets at 30 June 2023 have been valued using either the discounted cash flow ("DCF") methodology or a combination of the discounted cash flow methodology and the Price of Recent Investment methodology as described by the International Private Equity and Venture Capital Valuation 2018 ("IPEV") Guidelines.

Listed Hydrogen Assets are valued at fair value, which is the bid market price, or, if bid price is unavailable, last traded price on the relevant exchange.

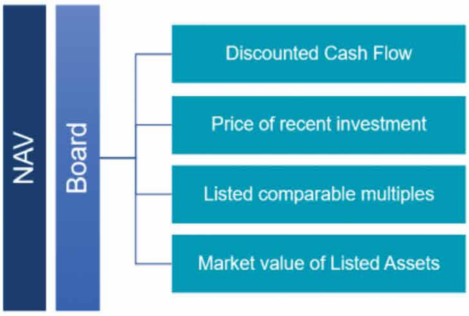
Our approach to valuation remains consistent and unchanged:

- Valuations updated for all Private Hydrogen Assets on a quarterly basis, approved by the AIFM and Board
- The Private Hydrogen Assets are principally valued using either the DCF method, or a combination of the DCF method and the Price of Recent Investment. The valuations are also benchmarked against listed peer group valuations
- Discount rates are calculated using market parameters for each investment domicile. The portfolio average discount rate for 30 June 2023 was 13.7% compared with 13.0% at December 2022 and 12.4% at June 2022
- 30 June 2023 NAV was reduced by 5.1 pence per share compared to 31 December 2022, as a result of higher discount rates.

Investment Adviser's report

HGEN valuation methodology

Valuations using IPEV guidelines



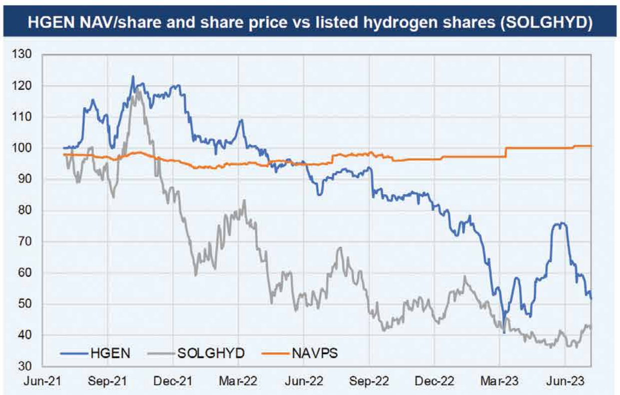
Consistent approach to valuation

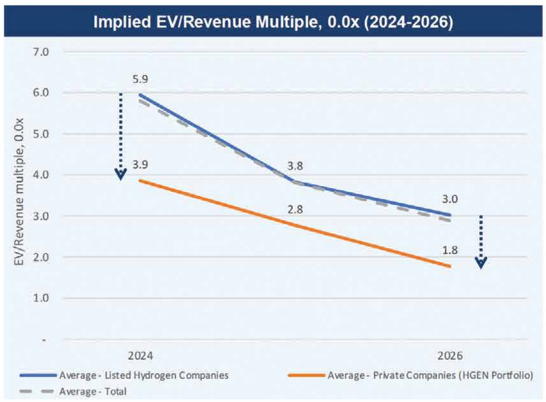
- Valuations updated for the entire private portfolio on a quarterly basis, reviewed and approved by the AIFM and Board
- The private portfolio is principally valued using either the DCF method, or a combination of the DCF method and the price of recent investment. The DCF valuations are also benchmarked against listed peer group valuations
- Discount rates are calculated using market parameters for each investment domicile. The portfolio average discount rate for 30th June 2023 was 13.7%, compared to 12.8% for 30th June 2022
- HGEN's valuation is audited annually by KPMG

The Company notes that its NAV has been steadily increasing over the last twelve months. This has been driven by organic growth in the Company's private assets, despite headwinds from lower listed share prices in the portfolio and higher discount rates. By contrast, the share prices of listed hydrogen companies, which we track with the SOLGHYD index, have been volatile and declining since Q3 2021. This decline is due to market allocation away from early stage technology businesses as interest rates have risen, and a correction to the high valuations seen in the market in 2020-21. The Company's own share price has tracked this decline in listed hydrogen companies, and listed funds in general, despite the growth in NAV. Despite this, the Company assesses that the carrying value of its private assets is some 30% lower than listed hydrogen companies, based on comparative revenue multiples.

Valuation evolution – listed vs. private companies

The Company's approach to valuation remains consistent while market has seen strong rise and correction





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

- HGEN private valuation >30% lower than implied listed companies in 2024, and c. 40% lower in 2026
- Should the listed hydrogen market recover, this gap should widen further

Portfolio

Portfolio summary

Company	Country of incorporation	Value of investment £'000
Private hydrogen assets held by the Limited Partnership at 30 June 2023		
Sunfire GmbH	Germany	25,559
Elcogen plc	United Kingdom	21,475
Strohm	The Netherlands	18,440
NanoSUN Limited	United Kingdom	12,555
Cranfield Aerospace Solutions Limited	United Kingdom	10,422
HiiROC Limited	United Kingdom	10,325
Bramble Energy Limited	United Kingdom	8,439
HH2E AG	Germany	4,453
Gen2 Energy	Norway	3,999
Thierbach	Germany	1,852
Total		**117,519**

Company	Country of main listing	Market value £'000	% of net assets
Listed hydrogen assets held by the Company at 30 June 2023			
SFC Energy AG-BR	Germany	504	0.4%
Hydrogen-Refueling-Solutions SA	France	339	0.3%
Doosan Fuel Cell Co Ltd	South Korea	326	0.3%
Hexagon Purus ASA	Norway	322	0.2%
Green Hydrogen Systems A/S	Denmark	285	0.2%
S-Fuelcell Co Ltd	South Korea	251	0.2%
McPhy Energy SA	France	198	0.2%
Fuelcell Energy Inc	United States	154	0.1%
AFC Energy plc	United Kingdom	136	0.1%
Ceres Power Holdings plc	United Kingdom	128	0.1%
Ballard Power Systems Inc	Canada	118	0.1%
Aker Horizons AS	Norway	107	0.1%
ITM Power plc	United Kingdom	75	0.1%
Cell Impact AB	Sweden	58	0.0%
Enapter AG	Germany	14	0.0%
Total listed investments		**3,013**	**2.3%**
Private assets investment held by the Company at 30 June 2023			
HydrogenOne Capital Growth Investments (1) LP	United Kingdom	117,721	90.8%
Total Investments		**120,734**	**93.1%**
Cash		8,556	6.6%
Other net assets		430	0.3%
Total net assets		**129,720**	**100.0%**

All investments are in equity securities.

Our portfolio

Word from the top

"We aim for replacing fossil fuels with renewables in all areas of life – creating a sustainable future for generations to come. We deliver on our purpose through developing, manufacturing and servicing high-quality electrolysis solutions. By providing renewable hydrogen and syngas as substitutes for fossil energy sources, we enable the transformation of carbon-intensive sectors towards net zero."

Nils Aldag, CEO

Sunfire GmbH

www.sunfire.de

A German industrial electrolyser producer, which offers both pressure alkaline (AEL) and solid oxide electrolysers (SOEC).

Total investment size	£21.9 million
% of NAV	20%
Date of investment	October 2021/March 2023
Why invested	• Industry-leading electrolyser manufacturer, investing for growth and technology development • Material alkaline and solid oxide business, with revenues from a growing international customer base in the global industrial electrolyser market • Strong product credentials backed by existing customer base and generated by high quality in-house engineering and product design • 500MW / annum electrolyser production site in EU – with a further extension to gigawatt-scale already in planning
Total Addressable Market	>£40 billion (by 2030)
Value catalysts	• >GW scale alkaline + SOEC manufacturing scale up • Conversion of strong revenue growth to EBITDA to underpin eventual exit for investors
Performance since investment	• Sunfire continued to scale its alkaline electrolysis manufacturing capacity in Germany and Switzerland. • The company launched a new serial production facility in Solingen, Germany with investment of EUR 30 million 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. • Sunfire announced a strategic partnership with Vitesco Technologies, who will combine Sunfire electrolysis cells into the stacks, that form the main element of electrolysers. • 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 • In August 2023, Sunfire received a purchase order for a 100 MW pressurized alkaline electrolyzer. The supply agreement with a leading European refinery marks a key milestone for Sunfire, supplying one of the worlds largest electrolyser systems. • Sunfire received €169 million funding under the EU IPCEI scheme, to establish the first industrial series production of its solid oxide and pressurized alkaline electrolysis technologies

Word from the top

"We believe the fuel of the future is green hydrogen and our technology is a key enabler in making this transition affordable for everyone. We develop and manufacture the world's most efficient solid oxide technology, allowing our customers and partners to deliver emission-free electricity, green hydrogen and energy storage solutions. This investment from HydrogenOne will enable us to continue to develop our cutting-edge technology, grow our customer base and revenues, and scale production to drive net-zero ambitions forward."

Enn Õunpuu, CEO

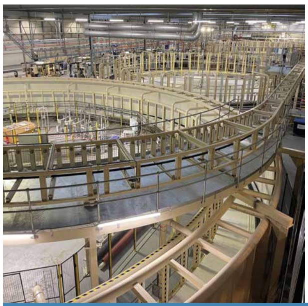
Elcogen plc

www.elcogen.com

Fuel cell and electrolyser manufacturer with presence in Estonia and Finland

Total investment size	£20.5 million
% of NAV	17%
Date of investment	May 2022
Why invested	• Industry-leading innovator and supplier of solid oxide cells and stacks, with manufacturing facilities in Finland and Estonia, ready for expansion • High end offering based on advanced solid oxide (SO) technology with low operating temperatures and superior economics • Developed a reversible ceramic technology that converts hydrogen into emission-free electricity and vice versa • Over 10-year track record • Over 60 established industrial customers worldwide
Total Addressable Market	>£40 billion (by 2030)
Value catalysts	• Brownfield expansion of existing Tallinn plant • Construction of greenfield plant in Tallinn
Performance since investment	• Brownfield expansion increased, which has doubled cells capacity to 95,000/year • Site selection and detailed design for new production site in Tallinn for annual capacity 360MW cells / 200MW stacks (SOEC mode) • 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. The MOU covers close R&D collaboration in green hydrogen elcogen.com production and emission-free power generation systems

Our portfolio



Word from the top

"Strohm is moving quickly along a steep growth path, growing our revenue 3-fold year on year, while expanding our product offering. Where we recently announced our first offshore hydrogen project, we see tremendous potential in the hydrogen market as well as carbon capture and storage where recent policy announcement underpin the broad consensus of carbon capture being a fundamental long term part of the journey to achieve the Paris obligations. Our technology provides the most optimal solution for both hydrogen and carbon dioxide transfer due the combination of total lack of corrosion, fatigue, lower cost and smaller footprint."

Martin van Onna, CEO

Strohm

Strohm Holding B.V

www.strohm.eu

The Netherlands-based hydrogen pipeline company

Total investment size	£9.5 million
% of NAV	15%
Date of investment	August & December 2022
Why invested	• Industry leaders in offshore hydrogen and CO2 pipelines, where we see significant market growth • 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. • TCP's flexibility, lack of corrosion, fatigue and embrittlement make it the superior pipeline solution for offshore wind farms, generating hydrogen
Total Addressable Market	>100GW (2040)
Value catalysts	• Material growth in CO2 and H2 businesses • Conversion of strong revenue growth to EBITDA 2024+
Performance since investment	• Strohm delivered a major milestone by completing its plant expansion in the Netherlands. The new facility can produce 140km of thermo-composite plastic ("TCP") pipeline per year, a three-times increase on previous levels. • Strohm was awarded its second contract for TCP pipeline for deployment in Guyana. This is the largest contract ever secured by Strohm. • 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 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.

Word from the top

"NanoSUN's mission is to accelerate the adoption of hydrogen fuel as key element of the transition to clean energy. Our strategy is to bridge the gap between low-cost, green sources of hydrogen and hydrogen vehicles by providing operators with safe, low-cost and convenient refuelling products and services."

Neil Tierney, CEO

NanoSUN Limited

www.nanosun.co.uk

UK-based developer of hydrogen distribution and mobile refuelling equipment

Total investment size	£10.5 million
% of NAV	10%
Date of investment	December 2021 and February 2023
Why invested	• NanoSUN technology allows for shipping of clean hydrogen from production sites to customers, both cheaply and safely. • Provides flexible and low-cost connection between hydrogen customers such as truck stops, and concentrated hydrogen supply sources • Flat-bed solution with 60% lower cost than alternative systems • Accelerating large-scale roll out of fleets of hydrogen buses, trucks, vans and forklifts • High quality order book with clients such as Westfalen, and Octopus Hydrogen.
Total Addressable Market	£800 million (2025 UK/EU) to >£20 billion (2030 globally)
Value catalysts	• Continued roll out and delivery of Pioneer units to hydrogen refuelling customers, driving financial growth • Germany distribution agreement pending • Pathway to market entry across Europe, in Asia and US
Performance since investment	• NanoSUN continued deliveries of new Pioneer Mobile Refuelling Stations to customers, including this year four units to Octopus Hydrogen in the UK and eight units to Westfalen in German. • Westfalen and NanoSUN have deployed Pioneer Mobile Hydrogen Refuelling Station in German city Brühl, in the Cologne area, to fuel Solaris Hydrogen City Buses with RVK. 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. • 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.

Our portfolio

Word from the top

"Phase 1 of Cranfield Aerospace Solutions' zero emissions aircraft roadmap is "Project Fresson" – the conversion of a Britten-Norman Islander 9-seat aircraft from conventional fossil fuel to that of gaseous hydrogen propulsion. This development is set to deliver the world's first fully certified, truly green, passenger-carrying aircraft using hydrogen fuel cell technology. The end solution will deliver emissions-free commercial air travel and is planned to be certified for passenger flight in 2026."

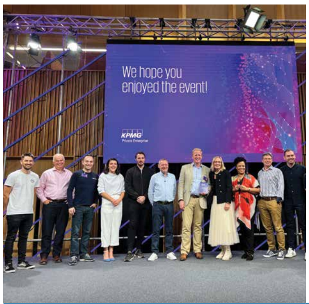
Paul Hutton, CEO

Cranfield Aerospace Solutions

Cranfield Aerospace Solutions Limited www.cranfieldaerospace.com

UK-based passenger flight innovator, powering turboprop flight with hydrogen

Total investment size	£8.5 million
% of NAV	8%
Date of investment	March 2022 and April 2023
Why invested	• Cranfield is a technology leader in delivering hydrogen powered turboprop flight ("Project Fresson") • Aerospace market leader in the design and manufacture of new aircraft design concepts, complex modifications to existing aircraft and integration of cutting-edge technologies • Working on CAA certification of the Britten-Norman Islander passenger aircraft using hydrogen powered fuel cells supplying electricity to DC motors for rotational power
Total Addressable Market	US$51 billion (by 2035)
Value catalysts	• Test flight 2024/25 • Commercial certification 2026
Performance since investment	• The company achieved the key Critical Design milestones for Project Fresson. • Continued to increase growth outlook for the business by signing a multiple number of potential commitments for modification kits to convert Britten-Norman Islanders to hydrogen-electric power. The company has also made significant progress on enlarging the market for its technology development through application to cargo UAV applications. • As previously announced, Cranfield Aerospace Solutions and Britten-Norman have been in merger discussions, which remain ongoing. The original timetable to deliver this merger in mid 2023 has now been extended. • Cranfield welcomed Evolito, a ground-breaking UK technology innovator onboard as the motor & inverter supplier for its hydrogen-powered aircraft demonstrator, and; • Cranfield 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.



Word from the top

"HiiROC's technology brings a truly differentiated proposition to the hydrogen story. We will produce low cost, zero emission hydrogen, delivered to customers on a modular, scalable basis at the point of demand, avoiding transportation and storage costs. We're building the infrastructure and working with our strategic partners to allow deployment of the initial pilot units in selected industry segments."

Tim Davies, CEO

HiiROC Limited

www.hiiroc.com

UK-based thermal plasma electrolysis developer, with proprietary technology for low-cost, zero-emission hydrogen, also enabling flare/waste gas mitigation and CO2 reduction using biomethane.

Total investment size	£10.0 million
% of NAV	8%
Date of investment	November 2021
Why invested	• Proprietary technology to convert natural gas, flare gas and biomethane into hydrogen and solid carbon black • Multiple applications across all sectors of hydrogen use from blending in natural gas grids to industrial decarbonisation to transport • Opportunity to support methane reduction targets through the global imperative to halt gas flaring and venting • Industrial off-takers of the product such as Centrica, Hyundai and CEMEX also on the shareholder register • Highly scalable modular solution, producing 100kg / day of hydrogen from a single unit through to large plants capable of 100's of tonnes / day of hydrogen, alongside carbon black
Total Addressable Market	>£40 billion (by 2030)
Value catalysts	• Demonstrators deployed in 2022 and 2023, across a range of hydrogen use cases • Commercial roll-out of HiiROC units
Performance since investment	• Since investment, HiiROC has completed its demonstrator unit (in 2022) and the deployment of its first pilot (in 2023) with further units expected through the coming year. • HiiROC continues to deploy demonstrator units in order to validate its technology and achieve certification. • With UK Government grant support, HiiROC and Centrica, won the first UK project to inject hydrogen at Brigg Gas Fired Power station, as part of the Net Zero Technology Centres £8 million Open Innovation Programme.

Our portfolio

Word from the top

"At Bramble Energy we aim to enable the transition from diesel to hydrogen by providing high-performance, affordable technology solutions. PCBFC™ is the first of our platform technologies to reach the market and we continue to develop core offerings in sensing and electrolysis."

Dr Tom Mason, CEO

Bramble Energy Limited

www.brambleenergy.com

UK-based fuel cell and portable power solutions company

Total investment size	£10.0 million
% of NAV	7%
Date of investment	February 2022
Why invested	• Pioneering revolutionary fuel cell design and manufacturing techniques • Novel printed circuit board design PCBFC™ - low cost, scalable and recyclable fuel cell modules • Leading global automotive businesses working closely with Bramble to scale up product offering • Developing high-power density, mobility fuel cell systems
Total Addressable Market	>£100 billion (by 2030)
Value catalysts	• Business strategy pivoted towards the mobility technology development based on a number of approaches from the automotive and power train segments. • Mobility technology development and testing of PCBFC™ by end users in automotive
Performance since investment	• Moved into better equipped facility in 2022 as part of scaling up power output of units to 30kw-100kw • With funding from the Advanced Propulsion Centre UK (APC) as part of the UK government's Automotive Transformation Fund (ATF) Feasibility Study Round 3, the PCBFC™ Range Extender feasibility study will develop a robust and detailed business case to manufacture Bramble Energy's printed circuit board fuel cell (PCBFC™) for the automotive sector in the UK. • 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 consortium partners Equipmake, Aeristech and the University of Bath.

Word from the top

"HH2E is a new green energy company in Germany established to change the game of energy. HH2E's technology mix can turn a fluctuating input of solar or wind energy into a constant supply of green hydrogen, heat, and carbon-free electricity at competitive prices to serve local industries and communities."

Alexander Voigt, Founder of HH2E AG

HH2E AG

www.hh2e.de

German green hydrogen project developer with a focus on industrial customers

Total investment size	£5.1 million
% of NAV	4%
Date of investment	May 2022
Why invested	• A prominent leader in Germany focused on green hydrogen and battery storage project development. • HH2E has secured attractive German brownfield sites close to hydrogen offtake with grid connections capable of 1GW capacity • Provides HGEN with investment rights in multiple large-scale green hydrogen based decarbonization projects • The battery and alkaline electrolyser combination enables near-constant production using the cheapest hours of renewable electricity supply
Total Addressable Market	>£100 billion (based on German government forecasts for green hydrogen demand by 2045)
Value catalysts	• First hydrogen projects Thierbach and Lubmin expected to reach Final Investment Decision in 2023/24, for mid-decade commercial launch
Performance since investment	• HH2E has continued to develop green hydrogen projects, with Thierbach and Lubmin close to completing their FEED studies and submitting planning/permit applications. HH2E announced its second major green hydrogen production project in Germany, a 100MW facility at Thierbach. HGEN committed £2.5 million (EUR 2.8 million) alongside other institutional investors and HH2E for engineering and commercial works. A Final Investment Decision is planned for the end of 2023 subject to a series of commercial targets being fulfilled. • Advanced offtake negotiations with customers in the mobility and industrial/wholesale gas segments, with a potential value of several hundred million euros, are underpinned by favourable regulatory developments. HH2E agreed to purchase of 120MW of alkaline electrolyser equipment from NEL ASA earlier in 2023 and has reserved long-lead components with other major equipment manufacturers to supply its first projects. • A further pipeline of projects is being developed by HH2E across northern and eastern Germany.

Our portfolio

Word from the top

"We target to develop, build, own and operate large scale facilities for production of zero emission green hydrogen and develop an integrated hydrogen value chain. Norway, our home market, has a strong advantage for hydrogen production with both cheap and base load renewable energy available, and our large-scale facilities allows for economies of scale while transporting the volumes to Europe."

Jonas Meyer, CEO

Gen2 Energy

www.gen2energy.com

Norwegian green hydrogen project developer

Total investment size	£3.5 million
% of NAV	3%
Date of investment	March 2022
Why invested	• The leading Norwegian green hydrogen project developer, with clear plans to convert low-cost hydroelectric power to hydrogen, for export and domestic use. • Up to 700MW green hydrogen projects in Norway, with expected production in 2025-2027 • Specialist in low-cost 24/7 hydroelectric power • Co invested with Norwegian LNG and ship operators that provides input to the Gen2 hydrogen export solution • HGEN has follow-on investment rights in multiple project SPVs
Total Addressable Market	>£100 billion
Value catalysts	• Final investment decision for first hydrogen project in Mosjøen in 2024
Performance since investment	• Gen2 Energy continued to mature their projects throughout the year, with core focus on the c.120MW green hydrogen plant at Nesbruket in Mosjøen. • Major milestones in the project includes the unanimous approval of detail zoning plan in the municipality, and completion of FEED study with Wood Group, making it the most mature large-scale green hydrogen project in Norway. The company made a strategic investment in UMOE Advanced Composite, worlds largest producer of glass fibre containers for transport of hydrogen. In addition, the two companies signed a purchase and collaboration agreement for development of seaborn transport of hydrogen. • In relation to the potential expansion of the first project, Nesbruket 2, the company signed a collaboration agreement with Norsk e-Fuel, a producer of e-fuel based on hydrogen and CO2. The collaboration agreement includes the intent of building an industrial supply chain for green hydrogen, common access to additional land and joint infrastructures for green industrial processes in Mosjøen. • Over the last year, Gen2 Energy grew its project portfolio to 925MW, with the most proposal of a new project in Åfjord. • Gen2 Energy 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.

Word from the top

"Domestic green hydrogen production is essential to secure cost-competitive energy supply and deliver energy sovereignty and decarbonisation. Building a plant in Thierbach (Saxony), on the site of a former coal power station, is a tangible step towards sustainable green energy in Germany."

Mark Page, CFO HH2E AG and Managing Director HH2E Thierbach

Thierbach project

Green hydrogen production project in Germany

Total investment size	£2 million
% of NAV	1%
Date of investment	January 2023
Why invested	• First direct project investment by the Company • Large-scale green hydrogen production opportunity with leading players in the mobility sector, energy and industrial consumers as potential offtakers • The technology mix and design developed by the operator (HH2E AG) enables constant production of cost-competitive green hydrogen without a permanent supply of power
Total Addressable Market	Via pipeline connections Thierbach will be able to serve the German market (value >£100bn) but its customers will be mainly based in central/eastern Germany
Value catalysts	• Confirmation of key regulatory dimensions (e.g. RED II, GHG certificates, pipeline admixture) • Final Investment Decision – end 2023 • Phase 1 (100MW): c.6,000 tonnes green H2 pa ~ 60,000tpa avoided GHGs
Performance since investment	• Preliminary Investment Decision (PID) approved by the consortium of HH2E, Foresight and HydrogenOne. Detailed technical planning will complete in Q4, stakeholder engagement, planning/permit applications are advanced. • Extensive engagement with key component suppliers and offtakers as well as a sourcing exercise to secure RED II compliant energy supply. • Thierbach has been included in the draft plan for the German national hydrogen backbone network and the Company is in advanced discussions on timelines.

Listed Hydrogen Assets portfolio

The Company holds investments in 15 global hydrogen sector listed equities with an average market capitalisation of £1.5 billion with minimum market capitalisation of £100 million. The aggregate investment in these listed companies was £7.4 million at the time of investment. These companies are key players in the electrolysis, fuel cell and clean hydrogen projects sectors.

During the six months ended 30 June 2023, one listed holding has been sold at a small loss.

Post period end acquisition

In July 2023, the Company has made a follow-on investment of £1.0 million into NanoSUN.

Our portfolio

Net assets

Net assets increased from £125.4 million at 31 December 2022 to £129.7 million at 30 June 2023. The increase is principally due to an uplift in the value of the Private Hydrogen Assets of £6.4 million.

The net assets of £129.7 million comprise £120.7 million portfolio value of investments, including the holding in the HydrogenOne Capital Growth Investments (1) LP ("Limited Partnership"), and the Company's cash balances of £8.6 million, and other net assets of £0.4 million.

The Limited Partnership's net assets of £117.7 million comprise £117.5 million portfolio value of investments, cash balances of £0.3 million, and other net liabilities of £0.1 million.

Cash

At 30 June 2023, the Group had a total cash balance of £8.9 million, including £8.6 million in the Company's balance sheet and £0.3 million in the Limited Partnership, which is included in the Company's balance sheet within 'investments held at fair value through profit or loss' (31 December 2022: £19.7 million).

The Company had cash and cash equivalents of £8.9 million, and £3.0 million of listed hydrogen companies at the end of the period, and remains well funded for its day-to-day activities.

Gain for period

The Company's total gain before tax for the period ended 30 June 2023 is £4.4 million, generating gains of 3.39 pence per Ordinary Share.

In the period to 30 June 2023, the gains on fair value of investments were £5.1 million.

The expenses included in the income statement for the year were £0.8 million, in line with expectations. These comprise £0.1 million Investment Adviser fees and £0.7 million operating expenses. The details on how the Investment Adviser fees are charged are as set out in note 5 to the financial statements.

Ongoing charges

The 'ongoing charges' ratio is an indicator of the costs incurred in the day-to-day management of the Company.

The ongoing charges percentage for the six-month period to 30 June 2023 was 2.62% (30 June 2022: 2.46%). The ongoing charges have been calculated, in accordance with AIC guidance, as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published undiluted Net Asset Value in the period. The ongoing charges percentage has been calculated on the consolidated basis and therefore takes into consideration the expenses of Limited Partnership as well as the Company.

Richard Hulf, Dr JJ Traynor
HydrogenOne Capital LLP

19 September 2023

Environmental, social and governance ("ESG")

ESG highlights:

HGEN is a climate impact fund with an ESG policy integrated into investment decisions and asset monitoring;

The Company is classified as an Article 9 Fund under the SFDR and EU Taxonomy Regulation; and

Continued stewardship activity with portfolio companies to further enhance ESG credentials and reporting.

Our Impact:

£111.1 million

(FY22 £102.9 million) deployed to date in low-carbon growth;

83,497 tCO2e

(FY22 42,716 tCO2e) emissions avoided in HY23 (99.7% by NanoSUN and 0.1% by Elcogen) and 134,076 tCO2e since IPO (29% by Sunfire, 70% by NanoSUN and 2% by Elcogen)*;

592 MWh

Potential (FY22 201,000 MWh) lifetime clean energy capacity in HY23 and 227,292 MWh since IPO*;

0.2 MW

(FY22 3.4 MW) of units sold (fuel cells and electrolysers) in HY23 and 4 MW since IPO – all adjusted for the Company's shareholding*;

1,293

(FY22 1,135) jobs supported; and

Displace fossil fuels

Most of the Company's investments either directly or indirectly displace fossil fuels, making a clear contribution to achieving the Paris Accord's target of limiting global temperature rises to below 2 degrees and ideally limiting them to 1.5 degrees.

* *note – Sunfire was unable to provide data for HY22 so these figure is expected to increase in future periods*

Environmental, social and governance ("ESG")

GHG emissions (tCO2e)	HY 23	FY 22
Scope 1	14	48
Scope 2	19	28
Scope 3	92	134
Carbon footprint (tCO2e / EURm investments value)	1.1	1.9
GHG Intensity of Portfolio Companies (KG / EURm revenue)	31.0	823.4*
Avoided emissions (tCO2e)	83,497**	42,716
Avoided cumulative (tCO2e)	134,076	50,579
EU Taxonomy alignment	87.6%	89%
Hazardous waste (tonnes / EURm investment cost)	0.03	N/A
Energy consumption (GWh / EURm revenue / per high impact climate sector)	0.15	N/A

Methodology

The greenhouse gas emissions have been calculated in accordance with the Greenhouse Gas Protocol equity share approach and presented in line with guidance from the EU Sustainable Finance Disclosure Regulation. This means that the aggregate of each portfolio company's scopes are presented (as opposed to being disclosed in the Fund's scope 3 category 15). Each portfolio company has been engaged during to develop a greenhouse gas inventory. This process includes the identification of appropriate data sources for each inventory item. Data has been collected, reviewed and processed to calculate the emissions by an external provider. In line with expectations there are limitations to data (gaps or quality), these are addressed in accordance with the Greenhouse Gas Protocol via the use of estimates and each portfolio company receives feedback on data quality based on relevance, completeness, availability, consistency, transparency and accuracy.

Estimates form a necessary part of the greenhouse gas emission process and emission factors are central to this. Primarily the UK Department for Environment Food and Rural Affairs ("DEFRA") emission factors have been used or, where more appropriate, the Intergovernmental Panel on Climate Change ("IPPC") emission factors can be relied upon. Both of these sources are recognised by the Greenhouse Gas Protocol.

Avoided emissions have been calculated on a consequential basis using the International Financial Institution Framework for a Harmonised Approach to Greenhouse Gas Accounting. The membership behind this approach includes the United Nations Climate Change Secretariat, the World Bank, the European Investment Bank, and many others constituting 25 financial institutions. This standard also produces and updates a data set on grid emissions for many countries, this has been used as a key input into the estimation process. In accordance with the framework, portfolio companies who provide products (e.g. fuel cells or electrolysers) take the expected lifetime emissions of those products as sold. During the year, no projects were operationally producing hydrogen yet as they are still under development, when they do the annual avoided emissions from the hydrogen produced will be reported.

* *In the prior period one portfolio company that is pre-revenue actually recorded c.£16k of revenue which significantly impacted this metric, removing that outlier gives a comparable of 40KG/£m.*

** *The HY23 is more than double the FY22 because of an increase in sales from Elcogen. The sales from Sunfire have not been included in the HY23 as they could not provide data so these figures are expected to increase in future reporting periods.*

Governance

Investment objective and policy

Investment objective

The Company's investment objective is to deliver an attractive level of capital growth by investing, directly or indirectly, in a diversified portfolio of hydrogen and complementary hydrogen focussed assets whilst integrating core ESG principles into its decision making and ownership process.

Investment policy

The Company will seek to achieve its investment objective through investment in a diversified portfolio of hydrogen and complementary hydrogen focussed assets, with an expected focus in developed markets in Europe, North America, the GCC and Asia Pacific, comprising:

i. assets that produce clean hydrogen;

ii. large scale energy storage assets;

iii. carbon capture, use and storage assets;

iv. hydrogen distribution infrastructure assets;

v. assets involved in hydrogen supply chains, such as electrolysers and fuel cells; and

vi. businesses that utilise hydrogen applications such as transport, power generation, feedstock and heat (together "Hydrogen Assets").

The Company intends to implement its investment policy through the acquisition of hydrogen and complementary hydrogen focussed assets.

Private Hydrogen Assets

The Company invests in unquoted Hydrogen Assets, which may be operational companies or hydrogen projects (completed or under construction) ("Private Hydrogen Assets"). Investments are expected to be mainly in the form of equity, although investments may be made by way of debt and/or convertible securities. The Company may acquire a mix of controlling and non-controlling interests in Private Hydrogen Assets, however the Company intends to invest principally in non-controlling positions (with suitable minority protection rights to, inter alia, ensure that the Private Hydrogen Assets are operated and managed in a manner that is consistent with the Company's investment policy).

Given the time frame required to fully maximise the value of an investment, the Company expects that investments in Private Hydrogen Assets will be held for the medium to long term, although short term disposals of assets cannot be ruled out in exceptional or opportunistic circumstances. The Company intends to re-invest the proceeds of disposals in accordance with the Company's investment policy.

The Company observes the following investment restrictions, assessed at the time of an investment, when making investments in Private Hydrogen Assets:

- no single Private Hydrogen Asset will account for more than 20 per cent. of Gross Asset Value;
- Private Hydrogen Assets located outside developed markets in Europe, North America, the GCC and Asia Pacific will account for no more than 20 per cent. of Gross Asset Value; and
- at the time of an investment, the aggregate value of the Company's investments in Private Hydrogen Assets under contract to any single Offtaker will not exceed 40 per cent. of Gross Asset Value.

The Company will initially acquire Private Hydrogen Assets via HydrogenOne Capital Growth Investments (1) LP (the 'HydrogenOne Partnership'), a wholly owned subsidiary undertaking of the Company structured as an English limited partnership which is controlled by the Company and advised by the Investment Adviser. The HydrogenOne Partnership's investment policy and restrictions are the same as the Company's investment policy and restrictions for Private Hydrogen Assets and cannot be changed without the Company's consent. In due course, the Company may acquire Private Hydrogen Assets directly or by way of holdings in special purpose vehicles or intermediate holding entities (including successor limited partnerships established on substantially the same terms as the HydrogenOne Partnership) or, if the Company is considered a 'feeder fund' under the Listing Rules, other undertakings advised by the Investment Adviser and, in such circumstances, the investment policy and restrictions will also be applied on a look-through basis and such undertaking(s) will also be managed in accordance with the Company's investment policy.

Listed Hydrogen Assets

The Company also invests in quoted or traded Hydrogen Assets, which will predominantly be equity securities but may also be corporate debt and/or other financial instruments ("Listed Hydrogen Assets"). The Company is free to invest in Listed Hydrogen Assets in any market or country with a market capitalisation (at the time of investment) of at least US$100 million. The Company's approach is to be a long-term investor and will not ordinarily adopt short-term trading strategies. As the allocation to Private Hydrogen Assets grows the Listed Hydrogen Assets are expected to include strategic equity holdings derived from the listing of operational companies within the Private Hydrogen Assets portfolio over time.

The Company observes the following investment restrictions, assessed at the time of an investment, when making investments in Listed Hydrogen Assets:

- no single Listed Hydrogen Asset will account for more than 3 per cent. of the Gross Asset Value;
- the portfolio of Listed Hydrogen Assets will typically comprise no fewer than 10 Listed Hydrogen Assets at times when the Company is substantially invested;
- each Listed Hydrogen Asset must derive at least 50 per cent. of revenues from hydrogen and/or related technologies; and
- once fully invested, the target allocation to Listed Hydrogen Assets will be approximately 10 per cent or less of Gross Asset Value, subject to a maximum allocation of 30 per cent of Gross Asset Value.

Cash

During the initial Private Hydrogen Asset investment period after a capital raise and/or a realisation of a Private Hydrogen Asset, the Company intends to hold the relevant net proceeds of such capital raise/realisation in cash (in accordance with the Company's cash management policy set out below) pending subsequent investment in Private Hydrogen Assets.

Investment restrictions

The Company, in addition to the investment restrictions set out above, comply with the following investment restrictions when investing in Hydrogen Assets:

- the Company will not conduct any trading activity which is significant in the context of the Company as a whole;
- the Company will, at all times, invest and manage its assets
  - i. in a way which is consistent with its object of spreading investment risk; and
  - ii. in accordance with its published investment policy;
- the Company will not invest in other UK listed closed-ended investment companies; and
- no investments will be made in companies or projects that generate revenues from the extraction or production of fossil fuels (mining, drilling or other such extraction of thermal coal, oil or gas deposits).

Compliance with the above restrictions is measured at the time of investment and non-compliance resulting from changes in the price or value of Hydrogen Assets following investment will not be considered as a breach of the investment policy or restrictions.

Borrowing policy

The Company may take on debt for general working capital purposes or to finance investments and/or acquisitions, provided that at the time of drawing down (or acquiring) any debt (including limited recourse debt), total debt will not exceed 25 per cent of the prevailing Gross Asset Value at the time of drawing down (or acquiring) such debt. For the avoidance of doubt, in calculating gearing, no account will be taken of any investments in Hydrogen Assets that are made by the Company by way of a debt investment.

Gearing may be employed at the level of a special purpose vehicle ("SPV") or any intermediate subsidiary undertaking of the Company (such as the HydrogenOne Partnership) or, if the Company is considered a 'feeder fund' under the Listing Rules, other undertakings advised by the Investment Adviser in which the Company has invested or the Company itself. The limits on debt shall apply on a consolidated and look-through basis across the Company, the SPV or any such intermediate holding entities (such as the HydrogenOne Partnership) or, if the Company is considered a 'feeder fund' under the Listing Rules, other undertakings advised by the Investment Adviser in which the Company has invested but intra-group debt will not be counted.

Gearing of one or more Hydrogen Assets in which the Company has a non-controlling interest will not count towards these borrowing restrictions. However, in such circumstances, the matter will be brought to the attention of the Board who will determine the appropriate course of action.

Currency and hedging policy

The Company has the ability to enter into hedging transactions for the purpose of efficient portfolio management. In particular, the Company may engage in currency, inflation, interest rates, energy prices and commodity prices hedging. Any such hedging transactions will not be undertaken for speculative purposes.

Cash management

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds ("Cash and Cash Equivalents").

There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position. In particular, the Company anticipates holding cash to cover the near-term capital requirements of the Pipeline of Private Hydrogen Assets and in periods of high market volatility. For the avoidance of doubt, the restrictions set out above in relation to investing in UK listed closed-ended investment companies do not apply to money market type funds.

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Interim management report

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rules ("DTR").

The Directors consider that the Chair's Statement on pages 5 to 7 and the Investment Adviser's Report on pages 8 to 12 of this Half-yearly Financial Report, provide details of the important events which have occurred during the six months ended 30 June 2023 ("Period") and their impact on the financial statements. The statement on related party transactions and the Directors' Statement of Responsibility (below), the Chairman's Statement and the Investment Adviser's Report together constitute the Interim Management Report of the Company for the Period. The outlook for the Company for the remaining six months of the year ending 31 December 2023 is discussed in the Chairman's Statement and the Investment Adviser's Report.

Details of the Private and Listed Hydrogen Assets held at the Period end are provided on page 13.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are summarised below:

Principal Risks and Uncertainties
Regulatory Changes in political or environmental conditions in the hydrogen sector (for example, changes in government policy or support) could affect the Company's prospects.
Policy support The technologies required to produce and use green hydrogen need policy support to underpin the scale needed to drive stand-alone cost competitiveness. Governments worldwide are showing such support today, but that may be volatile over the investment time horizon of the Company.
Power price The income and value of the Company's investments may be affected by changes in the market prices of electricity and hydrogen, both current and expected. Risks include refinancing risk, exposure to interest rate risk due to fluctuations in the prevailing market rates, covenant breaches and possible enhanced loss on poor performing assets.
Operational Initial pre-deal due diligence may not uncover all risks associated to a transaction. Investments are subject to operating and technical risks. While the Company will seek investments with creditworthy and appropriately insured counterparties who bear the majority of these risks, there can be no assurance that all risks can be mitigated. In addition, the long-term profitability of hydrogen investments will be partly dependent upon the efficient operation and maintenance of the assets. Inefficiency, or limitations in the skills, experience or resources of operating companies, may reduce revenue. As a result, profitability of the Company may be impaired leading to reduced returns for Shareholders.
Performance Underperforming investment or investment strategy can lead to underperformance to the Company's target return and ultimate investment objective.
Future acquisitions and capital raises Ongoing capital raises are intended. The Company's share price trading at an excessive discount to its net asset value may mean it is difficult to raise further capital through share issues for both onward investment and the continued running and management of the Company.
Refinancing The operational risks of the Company including market, counterparty, credit and liquidity risk. Extreme market volatility can disrupt capital raising process and ability to raise monies to repay a debt demand in full. Investments in Private Hydrogen Assets are illiquid in nature and may take a longer period of time to realise in order to fund the Company's operations or meet its expenses. The Company may be forced to sell liquid assets to meet its expenses at a time when valuations are low.
Service providers Disruption to, or failure of the Company's Administrator or other parties to complete their role efficiently, on time and in line with expectation.
Portfolio valuation Risk that portfolio asset valuations published do not represent the Fair Market Values in accordance with the accounting requirements. Investment valuations are based on modelling / financial projections for the relevant investments. Projections will primarily be based on the Investment Adviser's assessment and are only estimates of future results based on assumptions made at the time of the projection. Actual results may vary significantly from the projections, which may reduce the profitability of the Company leading to reduced returns to Shareholders. A further rise in interest rates will lead to an increase in the Discount Rate applied to the Private Hydrogen Assets' valuation, leading to a reduction in the Company's net asset value.
Key person The Investment Adviser is a newly formed Company, with minimum employees. As such, there are significant Key Person risks at this time and should they become unavailable, this could have a negative impact on the Company's ability to achieve its investment objective.
Tax Breaches of Section 1158 of the Corporation Tax Act could result in loss of investment trust status. Changes in tax legislation such as BEPS, WHT rules and structural requirements result in increased tax and resulting in a drop in returns from the Company's investments.
Political and associated economic risk Exposure to Russia and/or Ukraine within the investment portfolio could lead to losses on investments. The impact on the global equity markets, and hydrogen stocks in particular, of a prolonged downturn caused by the situation, could lead to reduced valuations of the Company.

Principal risks and uncertainties

The Company's Annual Report for the year ended 31 December 2022 contains more detail on the Company's principal risks and uncertainties, including the Board's ongoing process to identify, and where possible mitigate, emerging risks (pages 56 to 58). The Annual Report can be found on the Company's website at www.hydrogenonecapitalgrowthplc.com.

The Board is of the opinion that these principal risks are equally applicable to the remaining six months of the financial year as they were to the six months being reported on.

Related party transactions

Details of the investment management arrangements were provided in the Annual Report. There have been no changes to the related party transactions described in the Annual Report that could have a material effect on the financial position or performance of the Company. Amounts payable to the Investment Adviser and the Directors in the period are detailed in note 13 to the financial statements on pages 48 to 50.

Going concern

This Half-yearly Financial Report has been prepared on a going concern basis. The Directors consider this the appropriate basis as they have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for at least twelve months from the date of this report.

In reaching this conclusion, the Directors considered the income and expense projections and the liquidity of the investment portfolio, and considered the impact to the Company and portfolio of investments from the economic conditions such as higher interest rates and inflationary pressures and market volatility arising from the ongoing war in Ukraine.

The Company and Group continue to meet day-to-day liquidity needs through its cash resources. The Company and Group had unrestricted cash of £8.6 million (31 December 2022: £18.2 million) as well as £3.0 million in Listed Hydrogen Assets at 30 June 2023 (31 December 2022: £3.7 million). The Company and Group's net assets at 30 June 2023 were £129.7 million (31 December 2022: £125.4 million) and total expenses for the period ended 30 June 2023 were £3.4 million (30 June 2022: £2.7 million), which represented approximately 2.6% (30 June 2022: 2.5%) of the average net assets value of the Company in the six months to 30 June 2023 of £128.0 million (30 June 2022: £110.7 million).

Following the declaration of the Company's Net Asset Value as at the 30 June 2023 on the 7 August 2023, the Company's share price was 54.4p representing a 46.0% discount to the Net Asset Value (31 December 2022: discount of 18.5%).

The Directors also recognise that the continuation of the Company is subject to the approval of shareholders at the Annual General Meeting ("AGM") in 2026, and every fifth AGM thereafter. The Board has considered the long-term prospects of the Company and has no reason to believe that the continuation vote will fail.

Based on the foregoing, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have a reasonable expectation that the Company and Group have adequate operational resources to continue in operational existence for at least twelve months from the date of approval of these Financial Statements.

Board of Directors

19 September 2023

Directors' statement of responsibility

The Directors confirm to the best of their knowledge that:

- The condensed set of financial statements contained within the Half-yearly Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its subsidiary undertakings;
- The Interim Management Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months, their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the year); and
- The Interim Financial Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

Simon Hogan
Chairman of the Board of Directors

19 September 2023

Financial statements

Condensed parent and consolidated statement of comprehensive income

For the six months ended 30 June 2023

		For the six months ended 30 June 2023 (unaudited)			For the six months ended 30 June 2022 (unaudited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		–	5,070	5,070	–	1,794	1,794
Gains/(losses) on currency movements		–	(5)	(5)	–	–	–
Gross investment gains		–	5,065	5,065	–	1,794	1,794
Income		114	–	114	20	–	20
Total gain		114	5,065	5,179	20	1,794	1,814
Investment Adviser fee	*5*	(82)	–	(82)	(206)	–	(206)
Other expenses	*6*	(730)	–	(730)	(475)	–	(475)
(Loss)/profit before finance costs and taxation		(698)	5,065	4,367	(661)	1,794	1,133
Finance costs		–	–	–	–	–	–
Operating (loss)/profit before taxation		(698)	5,065	4,367	(661)	1,794	1,133
Taxation	*7*	–	–	–	–	–	–
(Loss)/profit for the period		(698)	5,065	4,367	(661)	1,794	1,133
Return per Ordinary Share (basic and diluted)	*11*	(0.54)p	3.93p	3.39p	(0.57)p	1.54p	0.97p

There is no other comprehensive income and therefore the 'Profit/(loss) for the period' is the total comprehensive income for the period.

The total column of the above statement is the Parent and Consolidated Statement of Comprehensive Income, including the return per Ordinary Share, which has been prepared in accordance with IFRS. The supplementary revenue and capital columns, including the return per Ordinary Share, are prepared under guidance from the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

The accompanying notes form part of these financial statements.

Condensed parent and consolidated statement of financial position

At 30 June 2023 and 31 December 2022

	Notes	30 June 2023 (Unaudited) £'000	31 December 2022 (Audited) £'000
Assets			
Non-current assets			
Investments held at fair value through profit or loss	*4*	120,734	106,673
Current assets			
Cash and cash equivalents		8,556	18,192
Trade and other receivables	*8*	615	641
Total current assets		9,171	18,833
Total assets		129,905	125,506
Current liabilities			
Trade and other payables	*9*	(185)	(153)
Total liabilities		(185)	(153)
Net assets		129,720	125,353
Equity			
Share capital	*10*	1,288	1,288
Share premium account		124,928	124,928
Capital reserve		6,412	1,347
Revenue reserve		(2,908)	(2,210)
Total equity		129,720	125,353
Net asset value per Ordinary Share	*12*	100.70P	97.31p

Approved by the Board of Directors and authorised for issue on 19 September 2023 and signed on their behalf by:

Simon Hogan
Chairman

HydrogenOne Capital Growth plc is incorporated in England and Wales with registration number 13340859.

The accompanying notes form part of these financial statements.

Condensed parent and consolidated statement of changes in equity

For the six months ended 30 June 2023 (Unaudited)

	Notes	Share Capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 1 January 2023		1,288	124,928	1,347	(2,210)	125,353
Profit/(loss) for the period		–	–	5,065	(698)	4,367
Closing balance as at 30 June 2023		**1,288**	**124,928**	**6,412**	**(2,908)**	**129,720**

For the six months ended 30 June 2022 (Unaudited)

	Notes	Share Capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 1 January 2022		1,074	104,129	(1,612)	(805)	102,786
Issue of Ordinary Shares	*10*	214	21,255	–	–	21,469
Ordinary Share issue costs		–	(621)	–	–	(621)
Profit/(loss) for the period		–	–	1,794	(661)	1,133
Closing balance as at 30 June 2022		**1,288**	**124,763**	**182**	**(1,466)**	**124,767**

The accompanying notes form part of these financial statements.

Condensed parent and consolidated statement of cash flows

For the six months ended 30 June 2023

	For the six months ended 30 June 2023 (Unaudited) £'000	For the six months ended 30 June 2022 (Unaudited) £'000
Cash flows from operating activities		
Income	114	20
Management expenses	(812)	(681)
Foreign exchange gains/(losses)	(5)	–
Decrease in trade and other receivables	26	20
Increase/(decrease) in trade and other payables	32	(18)
Net cash flow used in operating activities	(645)	(659)
Cash flows from investing activities		
Purchase of investments	(9,103)	(24,345)
Sale of investments	112	–
Net cash flow used in investing activities	(8,991)	(24,345)
Cash flows from financing activities		
Proceeds from issue of Ordinary Shares	–	21,469
Ordinary Share issue costs	–	(621)
Net cash flow from financing activities	–	20,848
Decrease in cash and cash equivalents	(9,636)	(4,156)
Cash and cash equivalents at start of period	18,192	34,019
Cash and cash equivalents at end of period	8,556	29,863

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. General information

Company information

HydrogenOne Capital Growth plc (the "Company" or "Parent") was incorporated in England and Wales on 16 April 2021 with registered number 13340859 as a public company limited by shares and is an investment company within the terms of Section 833 of the Companies Act 2006 (the "Act"). The Company is listed and began trading on the Main Market of the London Stock Exchange and was admitted to the premium segment of the Official List on 30 July 2021 (the "IPO"). The Company has applied for and been accepted as an approved investment trust under sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2 Chapter 1 of Statutory Instrument 2011/2999.

FundRock Management Company (Guernsey) Limited acts as the Company's Alternative Investment Fund Manager ("AIFM").

Apex Listed Companies Services (UK) Limited (the "Company Secretary and Administrator") provides administrative and company secretarial services to the Company

The Company's Investment Adviser is HydrogenOne Capital LLP.

The Company's registered office is 6th Floor, 125 London Wall, London, EC2Y 5AS.

Investment objective

The Company's investment objective is to deliver an attractive level of capital growth by investing, directly or indirectly, in a diversified portfolio of hydrogen and complementary hydrogen focussed assets whilst integrating core environmental, social and governance ("ESG") principles into its decision making and ownership process.

Company structure

The Company makes its investment in unquoted Hydrogen Assets ("Private Hydrogen Assets") through HydrogenOne Capital Growth Investments (1) LP (the "Limited Partnership"), in which the Company is the sole Limited Partner. The Limited Partnership is registered as a private fund limited partnership in England and Wales under the Limited Partnerships Act 1907 with registered number LP021814. The Limited Partnership has been established pursuant to a Limited Partnership Agreement dated 5 July 2021 as amended and restated on 26 November 2021 (the "Limited Partnership Agreement") in order to make investments pursuant to the investment policy of the Limited Partnership. The Limited Partnership's investment policy and restrictions are consistent with the Company's investment policy and restrictions for Private Hydrogen Assets.

The General Partner of the Limited Partnership is HydrogenOne Capital Growth (GP) Limited (the "General Partner"), a wholly owned subsidiary of the Company. The General Partner was incorporated in England and Wales on 19 May 2021 with registered number 13407844. The General Partner undertakes the responsibility for the management, operation and administration of the business and affairs of the Limited Partnership. The General Partner's Profit Share for each accounting period shall be an amount equal to 1.5% per annum of the prevailing NAV of the Limited Partnership, which shall be allocated to the General Partner as a first charge on the profits of the Limited Partnership. For so long as the Company is the sole Limited Partner, the General Partner's Profit Share shall be allocated and distributed to the Company rather than the General Partner.

The carried interest partner of the Limited Partnership is HydrogenOne Capital Growth (Carried Interest) LP (the "Carried Interest Partner") which, in certain circumstances, will receive carried interest on the realisation of Private Hydrogen Assets by the Limited Partnership. The Carried Interest Partner has been set up for the benefit of the principals of the Investment Adviser.

Private Hydrogen Assets

The Company invests via the Limited Partnership in Private Hydrogen Assets, which may be operational companies or hydrogen projects. Investments are mainly in the form of equity, although investments may be made by way of debt and/or convertible securities. The Company may acquire a mix of controlling and non-controlling interests in Private Hydrogen Assets, however the Company invests principally in non-controlling positions (with suitable minority protection rights to, inter alia, ensure that the Private Hydrogen Assets are operated and managed in a manner that is consistent with the Company's investment policy).

The Company acquires Private Hydrogen Assets via the Limited Partnership. In due course, the Company may acquire Private Hydrogen Assets directly or by way of holdings in special purpose vehicles or intermediate holding entities (including successor limited partnerships established on substantially the same terms as the Limited Partnership) or, if the Company is considered a 'feeder fund' under the Listing Rules, other undertakings advised by the Investment Adviser and, in such circumstances, the investment policy and restrictions will also be applied on a look-through basis and such undertaking(s) will also be managed in accordance with the Company's investment policy.

Notes to the financial statements

Listed Hydrogen Assets
The Company also invests directly in quoted or traded Hydrogen Assets, which are predominantly equity securities but may also be corporate debt and/or other financial instruments ("Listed Hydrogen Assets"). The Company has the ability to invest in Listed Hydrogen Assets in any market or country with a market capitalisation (at the time of investment) of at least US$100 million. The Company's approach is to be a long-term investor and will not ordinarily adopt short-term trading strategies.

Liquidity reserve
During the initial Private Hydrogen Asset investment period after a capital raise and/or a realisation of a Private Hydrogen Asset, the Company intends to allocate the relevant net proceeds of such capital raise/realisation to cash (in accordance with the Company's cash management policy) and/or additional Listed Hydrogen Assets and related businesses pending subsequent investment in Private Hydrogen Assets (the "Liquidity Reserve").

The Company anticipates holding cash to cover the near-term capital requirements of the pipeline of Private Hydrogen Assets and in periods of high market volatility.

2. Basis of preparation and accounting policies
The principal accounting policies are set out below:

Reporting entity
These Parent and Consolidated Financial Statements (the "Financial Statements") present the results of both the Parent; and the Parent and the General Partner (together referred to as the "Group").

As at 30 June 2023, the statement of financial position of the General Partner consisted of issued share capital and corresponding share capital receivable in the amount of £1. The General Partner had no income, expenditure or cash flows for the period.

Due to the immaterial balances of the General Partner there is no material difference between the results of the Parent and the results of the Group. As a result, the Financial Statements as presented represent both the Parent's and the Group's financial position, performance, and cash flows.

Basis of accounting
The Financial Statements have been prepared in accordance with UK-adopted international accounting standards ("IFRS") and the applicable legal requirements of the Companies Act 2006.

The Financial Statements have also been prepared as far as is relevant and applicable to the Company and Group in accordance with the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC") in July 2022.

The Financial Statements are prepared on the historical cost basis, except for the revaluation of financial instruments measured at fair value through profit or loss.

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company and Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Statements is determined on such a basis.

The Financial Statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Company and Group operate.

The accounting policies applied in these Financial Statements are consistent with those applied in the last Annual Audited Financial Statements for the year ended 31 December 2022. These condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as of 31 December 2022. The audited annual accounts for the year ended 31 December 2022 have been delivered to Companies House and the audit report thereon was unqualified.

Going concern

Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements. Details of the Directors' assessment of the going concern status of the Company and Group, which considered the adequacy of resources and the impacts of economic conditions and market volatility arising from the war in Ukraine are given on page 32.

Critical accounting judgements, estimates and assumptions

There have been no changes to the critical accounting judgements estimates and assumptions from those applied in the Company's Audited Annual Financial Statements for the year ended 31 December 2022.

Comparatives

Comparative information is included for the six months ended 30 June 2022 and as at 31 December 2022.

3. Segmental reporting

The Board has considered the requirements of IFRS 8 – 'Operating Segments'. The Company has entered into an Investment Advisory Agreement with the Investment Adviser under which the Investment Adviser is responsible for the management of the Company's investment portfolio, subject to the overall supervision of the Board of Directors. Subject to its terms and conditions, the Investment Advisory Agreement requires the Investment Adviser to manage the Company's investment portfolio in accordance with the Company's investment guidelines as in effect from time to time, including the authority to purchase and sell investments and to carry out other actions as appropriate to give effect thereto. However, the Board retains full responsibility to ensure that the Investment Adviser adheres to its mandate. Moreover, the Board is fully responsible for the appointment and/or removal of the Investment Adviser. Accordingly, the Board is deemed to be the 'Chief Operating Decision Maker' of the Company.

The Directors are of the opinion that the Company is engaged in a single segment of business being investment into the hydrogen focused investments. Segment information is measured on the same basis as that used in the preparation of the Company's Financial Statements.

4. Investments held at fair value through profit or loss

(a) Summary of valuation

As at	30 June 2023 £'000	31 December 2022 £'000
Investments held at fair value through profit or loss		
Listed Hydrogen Assets	3,013	3,667
Limited Partnership	117,721	103,006
Closing valuation of financial assets at fair value through profit or loss	120,734	106,673

(b) Movements in valuation

	Six months ended 30 June 2023 £'000	Year ended 31 December 2022 £'000
Opening valuation of financial assets at fair value through profit or loss	106,673	68,830
Opening unrealised (gain)/loss on Investments	(1,426)	1,608
Opening cost of financial assets at fair value through profit or loss	105,247	70,438
Additions, at cost – Listed Hydrogen Assets	74	137
Additions, at cost – Limited Partnership	9,029	36,581
Disposals at cost – Listed Hydrogen Assets	(142)	(1,909)
Cost of financial assets at fair value through profit or loss at the end of the period/year	114,208	105,247
Unrealised losses on investments – Listed Hydrogen Assets	(4,608)	(4,022)
Unrealised gains on investments – Limited Partnership	11,134	5,448
Closing valuation of financial assets at fair value through profit or loss	120,734	106,673

Notes to the financial statements

(c) Gain/(loss) on investments

	Six months ended 30 June 2023 £'000	Year ended 31 December 2022 £'000
Movement in unrealised loss – Listed Hydrogen Assets	(586)	(2,794)
Movement in unrealised gain – Limited Partnership	5,686	5,828
Realised (losses)/gains on investments – Listed Hydrogen Assets	(30)	143
Total gain on investments	5,070	3,177

Under IFRS 13 'Fair Value Measurement', an entity is required to classify investments using a fair value hierarchy that reflects the significance of the inputs used in making the measurement decision.

The following shows the analysis of financial assets recognised at fair value based on:

Level 1
The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3
Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Transfers between levels of the fair value hierarchy are recognised as at the end of the reporting period during which the change has occurred. There have been no transfers between levels during the period ended 30 June 2023. (December 2022: no transfers).

The classification of the Company and Group's investments held at fair value through profit or loss is detailed in the table below:

	30 June 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed Hydrogen Assets	3,013	–	–	3,013
Limited Partnership	–	–	117,721	117,721
Total	3,013	–	117,721	120,734

	31 December 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed Hydrogen Assets	3,667	–	–	3,667
Limited Partnership	–	–	103,006	103,006
Total	3,667	–	103,006	106,673

The Company and Group's Level 3 investment is the investment in the Limited Partnership. The NAV of the Limited Partnership as of 30 June 2023 is £117,721,000 (31 December 2022: £103,006,000). The movement on the Level 3 investments during the period is shown below:

	30 June 2023 £'000	31 December 2022 £'000
Opening balance	103,006	60,597
Investment in Limited Partnership	9,029	36,581
Unrealised gains on investment in Limited Partnership	5,686	5,828
Closing balance	117,721	103,006

Look-through financial information

The NAV of the Limited Partnership consists of the fair value of its Private Hydrogen Assets and the carrying value of its assets and liabilities. As at the period end, the Limited Partnership held ten Private Hydrogen Assets (31 December 2022: nine).

The following table reconciles the fair value of the Private Hydrogen Assets and the NAV of the Limited Partnership.

	30 June 2023 £'000	31 December 2022 £'000
Investment in Private Hydrogen Assets	117,519	103,115
Plus(minus): net current assets/(liabilities)	202	(109)
NAV of the Limited Partnership	117,721	103,006

The Level 3 Private Hydrogen Assets at 30 June 2023 have been valued using either the DCF methodology or a combination of the DCF and Price of Recent Investment methodology, as outlined in note 3. The key inputs considered in the valuation are described in note 15.

Name	Country of Incorporation	Value of Investment £'000	Primary valuation technique	Significant unobservable inputs	Range input
Sunfire GmbH	Germany	25,559	DCF	Discount rates	12.5%-12.9%
Elcogen Group plc	United Kingdom	21,475	DCF	Discount rates	12.6%-13.4%
Strohm Holding BV	The Netherlands	18,440	Weighted DCF and Price of recent Investment	Discount rates applied in full DCF valuation Weighting between Price of Recent Investment and DCF valuation	12.9%-13.8% (14%)
NanoSUN Limited	United Kingdom	12,555	DCF	Discount rates	15.3%-15.9%
Cranfield Aerospace Solutions Limited	United Kingdom	10,422	DCF	Discount rates	15.2%-16.0%
HiiROC Limited	United Kingdom	10,325	DCF	Discount rates	15.0%-15.3%
Bramble Energy Limited	United Kingdom	8,439	DCF	Discount rates	13-2%-13.9%
HH2E AG	Germany	6,305	DCF	Discount rates	14.3%-14.8%
GEN2 Energy AS	Norway	3,999	DCF	Discount rates	13.3%-14.0%
HH2E Werk Thierbach GmbH	Germany	1,852	Price of recent investment	Third-party pricing (without adjustment)	n/a

Notes to the financial statements

The following table shows the Directors best estimate of the sensitivity of the Level 3 Private Hydrogen Assets to changes in the principle unobservable input, with all other variables held constant.

		Effect on fair value of investments £'000	
Unobservable input	Possible reasonable change in input	30 June 2023	31 December 2022
Discount rates applied in full DCF valuation	+1%	(14,716)	(6,515)
	–1%	18,133	7,815
Weighting between Price of Recent Investment and full DCF valuation	plus one calendar quarter of tapering from Price of Recent Investment to full DCF valuation	(975)	(324)
	minus one calendar quarter of tapering from Price of Recent Investment to full DCF valuation	2,926	286

The European Central Bank ('ECB') and the Bank of England ('BOE') base rates at 30 June 2023 were 4.0% and 5.0% respectively (31 December 2022: 2.5% and 3.5% respectively). We anticipate that the terminal base rate hikes (based on independent research) could reach 4.5% for ECB and 5.5% for BOE. As such, we have performed sensitivities of +/- 1% on the discount rate assumptions.

The valuations are weighted towards the full DCF valuation based on the time since the price of recent investment until the full DCF valuation is applied (typically the valuations are tapered from the price of recent investment to the full DCF valuation over four calendar quarters after the price of recent investment). Accordingly, we have applied a sensitivity of +/- one calendar quarter of this weighting as this is deemed the most likely period by which the tapering may be delayed or brought forward.

For those investments that have been fair valued using the price of a recent investment based on unadjusted third-party pricing information, the Company is not required to disclose any quantitative information regarding the unobservable inputs as they have not been developed by the Company and are not reasonably available to the Company.

5. Investment adviser fee

	For the six months ended 30 June 2023			For the six months ended 30 June 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment Adviser fee	82	–	82	206	–	206

At 30 June 2023 an amount of £13,000 was receivable from the Investment Adviser in respect of the Investment Adviser fee (31 December 2022: 12,554 payable). Additionally, the Company agreed with the Investment Adviser that the costs and expenses of the IPO would be capped at 2% of the gross proceeds received, with any cost above this amount to be paid by the Investment Adviser by way of rebate of its adviser fee. At 30 June 2023, £74,322 in respect of excess issue costs is due to be received from the Investment Adviser (31 December 2022: £111,432).

Investment Adviser fee

The Company has entered into an Investment Adviser Agreement dated 5 July 2021 between the Company, the AIFM and the Investment Adviser (the "Investment Adviser Agreement"), pursuant to which the Investment Adviser has been given responsibility for investment advisory services in respect of any Private Hydrogen Assets the Company invests in directly and the Listed Hydrogen Assets (including Listed Hydrogen Assets forming part of the Liquidity Reserve and uninvested cash) in accordance with the Company's investment policy, subject to the overall control and supervision of the Board and the AIFM.

Under the Investment Adviser Agreement, the Investment Adviser receives from the Company, quarterly in advance, an advisory fee equal to:

i. 1.0% of the Net Asset Value per annum of the Listed Hydrogen Assets up to £100 million:

ii. 0.8% of the Net Asset Value per annum of the Listed Hydrogen Assets from £100 million (save that the Investment Adviser has agreed to reduce this fee to 0.5% in respect of the Liquidity Reserve pending its re-investment in Private Hydrogen Assets for 18 months following Admission, being to and including 30 January 2023);

iii. 1.5% of the Net Asset Value per annum of any Private Hydrogen Assets held by the Company directly (i.e. not held by the Limited Partnership or any other undertaking advised by the Investment Adviser where the Investment Adviser is receiving a separate advisory fee); and

iv. for so long as the Company is not considered a 'feeder fund' for the purposes of the Listing Rules, 1.5% per annum of the Net Asset Value of the Private Hydrogen Assets held by the Limited Partnership.

The Limited Partnership has entered into a Limited Partnership Investment Adviser Agreement dated 5 July 2021 (the "Limited Partnership Investment Adviser Agreement") between the General Partner (in its capacity as general partner of the Limited Partnership), the AIFM and the Investment Adviser, pursuant to which the Investment Adviser has been given responsibility for investment advisory services in respect of the Private Hydrogen Assets in accordance with the investment policy of the Limited Partnership, subject to the overall control and supervision of the General Partner and the AIFM.

Under the Limited Partnership Investment Adviser Agreement, the Investment Adviser, if the Company was considered a 'feeder fund' for the purposes of the Listing Rules by virtue of additional investors co-investing via the Limited Partnership in the future, shall receive from the Limited Partnership an advisory fee equal to 1.5% per annum of the Net Asset Value of the Private Hydrogen Assets held by the Limited Partnership, payable quarterly in advance. Advisory fees paid or payable by the Limited Partnership are reflected through the NAV of the Limited Partnership.

No performance fee is paid or payable to the Investment Adviser under either the Investment Adviser Agreement or the Limited Partnership Investment Adviser Agreement but the principals of the Investment Adviser are, subject to certain performance conditions being met, entitled to carried interest fees from the Limited Partnership. Refer to 'Carried Interest Partner Fees' section below.

Carried Interest Partner Fees

Pursuant to the terms of the Limited Partnership Agreement dated 5 July 2021 as amended and restated on 26 November 2021 (the "Limited Partnership Agreement"), the Carried Interest Partner is, subject to the limited partners of the Limited Partnership receiving an aggregate annualised 8% realised return (i.e. the Company and, in due course, any additional co-investors), entitled to a carried interest fee in respect of the performance of the Private Hydrogen Assets.

Subject to certain exceptions, the Carried Interest Partner will receive, in aggregate, 15% of the net realised cash profits from the Private Hydrogen Assets held by the Limited Partnership once the limited partners of the Limited Partnership (i.e. the Company and, in due course, any additional co-investors) have received an aggregate annualised 8% realised return. This return is subject to a 'catch-up' provision in Carried Interest Partner's favour. Any realised or unrealised carried interest fee paid or payable to the Carried Interest Partner is reflected through the NAV of the Limited Partnership. During the period carried interest fees of £116,065 (31 December 2022: £nil) were accrued as payable to the Carried Interest Partner.

20% of any carried interest received (net of tax) will be used by the principals of the Investment Adviser to acquire Ordinary Shares in the market. Any such acquired shares will be subject to a 12-month lock-up from the date of purchase.

General Partner's priority profit share

Under the Limited Partnership Agreement, the General Partner of the Limited Partnership shall be entitled to a General Partner's Profit Share ("GPS"). The GPS for each accounting period shall be an amount equal to 1.5% of the prevailing NAV of the Limited Partnership. For so long as the Company is the sole limited partner of the Limited Partnership, the GPS shall be distributed to the Company rather than the General Partner. The Company is currently the sole limited partner of the Limited Partnership. Therefore, under the Investment Adviser Agreement, the investment adviser fee in relation to the Private Hydrogen Assets held by the Limited Partnership is settled by the Company which for the period totalled £803,722 (30 June 2022: £444,856). During the period the Limited Partnership did not call any GPS from the Company as the net effect of the calling and distributing GPS from/to the Company is £nil (30 June 2022: £nil).

Notes to the financial statements

6. Other expenses

	For the six months ended 30 June 2023 £'000	For the six months ended 30 June 2022 £'000
Administration & Secretarial Fees	105	93
AIFM Fees	54	40
Directors' Fees	96	84
Custodian Charges	25	24
Brokers Fees	36	30
Registrar's Fees	8	9
Website Fees	25	8
Legal Fees	13	12
LSE Fees	16	7
Audit Fees	77	47
D & O Insurances	24	24
PR & Marketing	152	57
Printing Fees	32	3
Other expenses	67	37
Total revenue expenses	730	475
Expenses charged to capital:		
Capital transaction costs	–	–
Total expenses	730	475

During the period to 30 June 2023, KPMG LLP UK received £12,000 (including VAT of £2,000) for non-audit services in relation to the share issuance Circular and Prospectus published in September 2022 (the "share issuance Circular and Prospectus").

Non-audit service costs applicable to the share issuance Circular and Prospectus have been treated as an other debtor and will be reclassified and included in share issue costs disclosed in the Statement of Changes in Equity when shares are issued; or reclassified as abort costs in the Statement of Comprehensive Income should no shares be issued at the share issuance Circular and Prospectus expiry date.

During the period to 30 June 2022, the auditors received £159,000 (including VAT of £12,000) for non-audit services in respect of the Company's equity raise, which were treated as a capital expense and included in 'share issue costs' disclosed in the Statement of Changes in Equity. This service is required by law or regulation and is therefore a permissible non-audit service under the FRC Ethical Standard.

7. Taxation

Analysis of charge in the period

	For the six months ended June 2023			For the six months ended June 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Withholding tax expense	–	–	–	–	–	–
Total tax charge for the period	–	–	–	–	–	–

8. Trade and other receivables

	As at 30 June 2023 £'000	As at 31 December 2022 £'000
Prepayments	115	37
Other receivables	500	604
Total	615	641

Other receivables includes £500,000 in respect of costs applicable to the share issuance Circular and Prospectus published in September 2022 and expiring in September 2023 (31 December 2022: £470,000). These costs will be reclassified and included in 'share issue costs' disclosed in the Statement of Changes in Equity when shares are issued or reclassified as abort costs in the Statement of Comprehensive Income should no shares be issued at the Circular and Prospectus expiry date.

9. Trade and other payables

	As at 30 June 2023 £'000	As at 31 December 2022 £'000
Amounts falling due within one year:		
Accrued expenses	185	153
Total	185	153

10. Share capital

	As at 30 June 2023		As at 31 December 2022	
Allotted, issued and fully paid:	No. of shares	Nominal value of shares (£)	No. of shares	Nominal value of shares (£)
Shares in issue at the beginning of the period	128,819,999	1,288,199.99	107,350,000	107,350,000
Allotted/redeemed following admission to LSE				
Ordinary Shares issued	–	–	21,469,999	214,699.00
Closing balance	128,819,999	1,288,199.99	128,819,999	1,288,199.99

During the six months ended 30 June 2023 no shares were issued. During the year ended 31 December 2022, 21,469,999 shares were issued by way of a Placing at an issue price of 100 pence per Ordinary Share.

The Company is permitted to hold Ordinary Shares acquired by way of market purchase in treasury, rather than having to cancel them. Such Ordinary Shares may be subsequently cancelled or sold for cash. No Ordinary Shares have been repurchased during the period.

Each Ordinary Share held entitles the holder to one vote. All shares carry equal voting rights and there are no restrictions on those voting rights.

Notes to the financial statements

11. Return per ordinary share

Return per share is based on the weighted average number of Ordinary Shares in issue during the six months ended 30 June 2023 of 128,819,999.

	For the six months ended 30 June 2023			For the six months ended 30 June 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) for the period (£'000)	(698)	5,065	4,367	(661)	1,794	1,133
Return per Ordinary Share	(0.54)p	3.93p	3.39p	(0.57)p	1.54p	0.97p

There is no dilution to return per share as the Company has only Ordinary Shares in issue.

12. Net asset value per ordinary share

	As at 30 June 2023 £'000	As at 31 December 2022 £'000
Net Asset Value (£'000)	129,720	125,353
Ordinary Shares in issue	128,819,999	128,819,999
NAV per Ordinary Share	100.70p	97.31p

There is no diluted Net Asset Value per share as the Company has only Ordinary Shares in issue.

13. Related party transactions and material contracts

Directors

During the period, fees were payable to the Directors at an annual rate of £68,250 to the Chairman, £57,750 to the Chairman of the Audit and Risk and Valuation Committees and £47,250 to the Chair of the Management Engagement and Remuneration Committees. Mr Bucknall is not remunerated for his role as a Non-Executive Director. These fees were effective from the 1 January 2023. Details of the Directors remuneration paid during the period is given in note 6. At the period end, the Directors had the following holdings in the Company:

	Ordinary Shares at 30 June 2023	Ordinary Shares at 31 December 2022
Simon Hogan	40,000	40,000
Afkenel Schipstra	10,100	10,100
Abigail Rotheroe	10,000	10,000
David Bucknall	–	–

Investment Adviser

Fees payable to the Investment Adviser are shown in the Statement of Comprehensive Income. Fees details of the Investment Adviser are shown in note 5. At 30 June 2023, the principals of the Investment Adviser, Dr JJ Traynor and Mr R Hulf, each held 100,000 Ordinary Shares of the Company (31 December 2022: 100,000). Transactions between the Company and the Investment Adviser during the period are disclosed in note 5.

INEOS Energy

The Relationship and Co-Investment Agreement dated 19 June 2021 between INEOS UK E&P Holdings Limited ("INEOS Energy"), the Investment Adviser, the Company and the General Partner (acting in its capacity as the general partner of the Limited Partnership), pursuant to which the parties agreed that: (i) INEOS Energy would subscribe for and/or shall procure that its associates shall subscribe for at least 25 million Ordinary Shares in the IPO; (ii) such Ordinary Shares subscribed by INEOS Energy would be subject to a 12 month lock-up from the date of purchase pursuant to which INEOS Energy agreed that it will not sell, grant options over or otherwise dispose of any interest in any such Ordinary Shares purchased by them (subject to the usual carve-outs); (iii) INEOS Energy was entitled to nominate one Non-Executive Director for appointment to the Board; (iv) prior to making any co-investment opportunity in relation to a Private Hydrogen Assets that is a project to any limited partner of the Limited Partnership, the Company and the Investment Adviser will give INEOS Energy a right of first refusal to acquire up to 100% of such co-investment opportunity (provided that the 'related party transaction' requirements set out in the Listing Rules are complied with); (v) INEOS Energy are provided with certain information rights relating to Private Hydrogen Assets and co-investment opportunities; and (vi) INEOS Energy shall be entitled to second one or more employees to the Investment Adviser from time-to-time. INEOS Energy has agreed that all transactions between INEOS Energy and its associates and any member of the Company and Group and/or the Investment Adviser are conducted at arm's length on normal commercial terms.

At the IPO, INEOS Energy subscribed for and received 25 million Ordinary Shares of the Company. At 30 June 2023, INEOS Energy held 25 million Ordinary Shares of the Company (31 December 2022: 25 million Ordinary Shares).

David Bucknall is currently Chief Executive Officer of the INEOS Energy group of companies and was appointed as the Board representative of INEOS Energy on 20 May 2022 pursuant to the Relationship and Co-Investment Agreement entered into between, inter alia, INEOS Energy and the Company at the Company's launch.

Alternative Investment Fund Manager

FundRock Management Company (Guernsey) Limited is appointed to act as the Company's and the Limited Partnership's alternative investment fund manager (the "AIFM") for the purposes of the UK AIFM Rules. The AIFM has delegated the provision of portfolio management services to the Investment Adviser. The AIFM, Company Secretary and Administrator are part of the same Apex Group.

Under the AIFM Agreement between the AIFM and the Company dated 5 July 2021, and with effect from Admission, the AIFM shall be entitled to receive from the Company a fee of 0.05% of Net Asset Value per annum up to £250 million, 0.03% of Net Asset Value per annum from £250 million up to £500 million and 0.015% of Net Asset Value per annum from £500 million, in each case adjusted to exclude any Net Asset Value attributable to any Private Hydrogen Assets held through the Limited Partnership and subject to a minimum annual fee of £85,000.

Under the AIFM Agreement between the AIFM and the Limited Partnership dated 5 July 2021, the AIFM receives from the Limited Partnership a fee of 0.05% of the net asset value of the Limited Partnership per annum up to £250 million, 0.03% of the net asset value of the Limited Partnership per annum from £250 million up to £500 million and 0.015% of the net asset value of the Limited Partnership per annum from £500 million, subject to a minimum annual fee of £25,000. AIFM fees paid or payable by the Limited Partnership are reflected through the NAV of the Limited Partnership.

The AIFM is also entitled to reimbursement of reasonable expenses incurred by it in the performance of its duties.

Administration and Company Secretarial services fee

The Company has entered into an Administration and Company Secretarial Services Agreement dated 5 July 2021 (the "Administrator and Company Secretary Agreement") between the Company and Apex Listed Companies Services (UK) Limited (the "Company Secretary and Administrator") pursuant to which the Company Secretary and Administrator has agreed to act as Company secretary and administrator to the Company.

Under the terms of the Administration and Company Secretarial Services Agreement, the Company Secretary and Administrator receives a fee from the Company of 0.06% of Net Asset Value per annum up to £250 million, 0.05% of Net Asset Value per annum from £250 million up to £500 million and 0.025% of Net Asset Value per annum from £500 million and subject to a minimum annual fee of £147,695 plus a further £10,000 per annum to operate the Company's Liquidity Reserve.

Under the terms of the Limited Partnership Administration Agreement 5 July 2021, pursuant to which the Company Secretary and Administrator has agreed to act as administrator to the Limited Partnership, the Company Secretary and Administrator receives an annual fee from the Limited Partnership of £69,151 and of £16,596 (excluding VAT) in respect of the General Partner. Administration fees paid or payable by the Limited Partnership are reflected through the NAV of the Limited Partnership. For so long as the Company is the sole Limited Partner, the administration fee in respect of the General Partner shall be allocated settled by the Company rather than the General Partner.

Custodian fee

The Company has entered into a Custodian Agreement between the Company and The Northern Trust Company (the "Custodian") dated 23 June 2021 (the "Custodian Agreement"), pursuant to which the Custodian has agreed to act as custodian to the Company.

The Custodian is entitled to a minimum annual fee of £50,000 (exclusive of VAT) per annum. The Custodian is also entitled to a fee per transaction taken on behalf of the Company.

Notes to the financial statements

Registrar fee

The Company utilises the services of Computershare Investor Services plc (the "Registrar") as registrar to the transfer and settlement of Ordinary Shares. Under the terms of the Registrar Agreement dated 5 July 2021, the Registrar is entitled to a fee calculated based on the number of shareholders, the number of transfers processed and any Common Reporting Standard on-boarding, filings or changes. The annual minimum fee is £4,800 (exclusive of VAT). In addition, the Registrar is entitled to certain other fees for ad hoc services rendered from time to time.

14. Subsidiary and related entities

Subsidiary

The Company owns 100% of HydrogenOne Capital Growth (GP) Limited as at 30 June 2023 and 31 December 2022.

Subsidiary name	Effective ownership	Country of ownership	Principal activity	Issued share capital	Registered address
HydrogenOne Capital Growth (GP) Limited	100%	United Kingdom	General partner of HydrogenOne Capital Growth Investments (1) LP	£1	6th Floor, 125 London Wall, London, EC2Y 5AS

Related entities

The Company holds Private Hydrogen Assets through its investment in the Limited Partnership, which has not been consolidated as a result of the adoption of IFRS 10: Investment entities exemption to consolidation. There are no cross guarantees amongst related entities. Below are details of the unconsolidated Private Hydrogen Asset held through the Limited Partnership.

30 June 2023

Name	Purpose of the entity	Country of Incorporation	Value of investment £'000	Registered address
Sunfire GmbH	Electrolyser producer	Germany	25,559	Gasanstaltstraße 2 01237 Dresden, Germany
Elcogen Group plc	Solid oxide fuel cell supply	United Kingdom	21,475	Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH
Strohm Holding BV	Supplier of thermoplastic composite pipe	The Netherlands	18,440	Monnickendamkade 1, 1976 EC IJmuiden
NanoSUN Limited	Supplier of mobile hydrogen storage and refueling systems	United Kingdom	12,555	Abraham Heights Farm, Westbourne Road, Lancaster, LA1 5EF
Cranfield Aerospace Solutions Limited	Aviation design and maintenance	United Kingdom	10,422	Hanger 2, Cranfield Airport, Cranfield, Bedfordshire, MK43 0AL
HiiROC Limited	Supplier of clean hydrogen production technology	United Kingdom	10,325	22 Mount Ephraim, Tunbridge Wells, Kent, TN4 8AS
Bramble Energy Limited	Printed Circuit Board fuel cell solutions	United Kingdom	8,439	6 Satellite Business Village, Fleming Way, Crawley, England, RH10 9NE

Name	Purpose of the entity	Country of Incorporation	Value of investment £'000	Registered address
HH2E AG	Supplier of green electrolysis and energy storage facilities	Germany	6,305	HRB 167243, Kaiser-Wilhelm-Straße 93, 20355 Hamburg
GEN2 Energy AS	Green Hydrogen development	Norway	3,999	Raveien 205, 3184 Borre, Norway
HH2E Werk Thierbach GmbH	Green Hydrogen development	Germany	1,852	HRB 40987, Kaiser-Wilhelm-Straße 93, 20355 Hamburg

31 December 2022

Name	Purpose of the entity	Country of Incorporation	Value of investment £'000	Registered address
Sunfire GmbH	Electrolyser producer	Germany	21,763	Gasanstaltstraße 2 01237 Dresden, Germany
Elcogen Group plc	Solid oxide fuel cell supply	United Kingdom	20,430	Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH
HiiROC Limited	Supplier of clean hydrogen production technology	United Kingdom	12,914	22 Mount Ephraim, Tunbridge Wells, Kent, TN4 8AS
Strohm Holding BV	Supplier of thermoplastic composite pipe	The Netherlands	11,606	Monnickendamkade 1, 1976 EC IJmuiden
NanoSUN Limited	Supplier of mobile hydrogen storage and refueling systems	United Kingdom	11,519	Abraham Heights Farm, Westbourne Road, Lancaster, LA1 5EF
Bramble Energy Limited	Printed Circuit Board fuel cell solutions	United Kingdom	10,032	6 Satellite Business Village, Fleming Way, Crawley, England, RH10 9NE
Cranfield Aerospace Solutions Limited	Aviation design and maintenance	United Kingdom	6,296	Hanger 2, Cranfield Airport, Cranfield, Bedfordshire, MK43 0AL
HH2E AG	Supplier of green electrolysis and energy storage facilities	Germany	5,134	HRB 167243, Kaiser-Wilhelm-Straße 93, 20355 Hamburg
GEN2 Energy AS	Green Hydrogen development	Norway	3,421	Raveien 205, 3184 Borre, Norway

Notes to the financial statements

The maximum exposure to loss from the unconsolidated entities is the carrying amount of the financial assets held.

During the period the Company did not provide financial support and has no intention of providing financial or other support to the subsidiary and the unconsolidated Private Hydrogen Assets held through the Limited Partnership.

15. Post balance sheet events

The Company completed a £1.0 million follow-on investment in NanoSUN, alongside Westfalen and NanoSUN management.

16. Status of this report

These Half-yearly Financial Statements are not the Company's statutory accounts for the purposes of section 434 of the Companies Act 2006. They are unaudited. The unaudited Half-yearly Financial Report will be made available to the public at the registered office of the Company.

The report will also be available in electronic format on the Company's website https://hydrogenonecapitalgrowthplc.com/

The information for the year ended 31 December 2022 has been extracted from the last published audited financial statements, unless otherwise stated. The audited financial statement has been delivered to the Registrar of Companies. KPMG Channel Islands Limited reported on those accounts and their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

The Half-yearly Financial Report was approved by the Board on 19 September 2023.

Other information

Alternative performance measures ("APM")

APMs are often used to describe the performance of investment companies although they are not specifically defined under IFRS. APM calculations for the Company are shown below.

(Discount)/Premium

The amount, expressed as a percentage, by which the share price is less than/ more than the Net Asset Value per Ordinary Share.

		Page	30 June 2023	31 December 2022
NAV per Ordinary Share (pence)	a	3	100.70	97.31
Share price (pence)	b	3	63.70	79.30
Discount	(b÷a)-1		(36.7)%	(18.5)%

Ongoing charges

A measure, expressed as a percentage of average net assets during the period, of the regular, recurring annual costs of running an Investment Company.

For the six months ended 30 June		Page	2023	2022
Average NAV	a	n/a	127,965,802	110,669,477
Annualised expenses	b	n/a	3,358,733	2,721,440
Ongoing charges	(b÷a)		2.62%	2.46%

The ongoing charges percentage is on a consolidated basis and therefore takes into consideration the expenses of the Limited Partnership as well as the Company and is calculated in accordance with the methodology set out by the AIC. The recurring expenses of the Company and Limited Partnership charged in the six months to 30 June 2023 have been annualised for the ongoing charges calculation.

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into the Ordinary Shares of the Company on the ex-dividend date.

Six months to 30 June 2023		Page	Share price[1]	NAV[2]
Opening at 1 January 2023(p)	a	n/a	79.30	97.31
Closing at 30 June 2023(p)	b	3	63.70	100.70
Total return	(b÷a)-1		(19.7)%	3.5%

1 Share price total return is based on an opening share price of 79.3p.

2 NAV total return is based on an opening NAV 97.31p per Ordinary Share.

n/a = not applicable.

Glossary

Admission	First admission of the Company's Ordinary Shares to the London Stock Exchange on 30 July 2021.
AIC	Association of Investment Companies.
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) HydrogenOne Capital Growth plc is classified as an AIF.
Alternative Investment Fund Managers or "AIFMD"	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.
Annual General Meeting or "AGM"	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask the Directors questions about the company in which they are invested.
the Company	HydrogenOne Capital Growth plc ("HGEN")
Custodian	An entity that is appointed to safeguard a company's assets
Discount/premium	The amount, expressed as a percentage, by which the share price is less/more than the net asset value per share.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
ESG	Environmental, Social and Governance ("ESG") criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
GCC	The Cooperation Council for the Arab States of the Gulf, also known as the Gulf Cooperation Council.
GHG	Greenhouse Gases.
Gross Asset Value or GAV	The aggregate value of the total assets of the Company, including the gross asset value of any investments held in the HydrogenOne Partnership attributable to the Company's interest in the HydrogenOne Partnership on a look-through basis from time-to-time, calculated in accordance with the Company's valuation policy.
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
Investment trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.
Liquidity	The extent to which investments can be sold at short notice.
Listed hydrogen assets	Investments in quoted or traded Hydrogen Assets, which will predominantly be equity securities but may also be corporate debt and/or other financial instruments.
Net assets or net asset value ('NAV')	An investment company's assets less its liabilities.

Glossary

NAV per ordinary share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury).
Offtaker	A purchaser of electricity and/or renewable obligation.
Ordinary shares	The Company's ordinary shares in issue.
Portfolio	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
Private Hydrogen Assets	Investments in unquoted Hydrogen Assets, which may be operational companies or hydrogen projects (completed or under construction).
Relative performance	Measurement of returns relative to an index.
Share buyback	A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
Treasury shares	A company's own shares which are available to be sold by a company to raise funds.
Volatility	A measure of how much a share moves up and down in price over a period of time.

Corporate information

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Afkenel Schipstra
Abigail Rotheroe
David Bucknall

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