

# HydrogenOne Capital Growth plc

ANNUAL REPORT & ACCOUNTS 2023

HydrogenOne Capital Growth plc Annual Report & Accounts 2023

# Contents

## Company overview

- 1 About us
- 2 Highlights
- 4 Portfolio at a glance
- 5 Chairman's statement
- 8 Key portfolio milestones 2023

## Strategic report

- 10 About clean hydrogen
- 12 Hydrogen market and commentary and outlook
- 14 Q&A with the Investment Advisor
- 16 Investment objective, policy, process and strategy
- 19 Strategy, business model and KPIs
- 22 Investment Adviser's Report
  - 22 Introduction
  - 23 Portfolio summary
  - 24 Portfolio review, performance and valuation
- 47 Environmental, Social and Governance
  - 47 Highlights
  - 48 Methodology and Principles of Responsible Investment
- 49 Stakeholder engagement (Section 172 Statement)
- 52 Risk and risk management

## Governance

- 57 Board of Directors
- 58 Directors' Report
- 62 Corporate Governance
- 66 Directors' Remuneration Policy
- 67 Directors' Remuneration Implementation Report
- 69 Report of the Audit and Risk Committee
- 71 Statement of Directors' Responsibilities
- 72 Independent Auditor's Report

## Financial Statements

- 79 Parent and consolidated statement of comprehensive income
- 80 Parent and consolidated statement of financial position
- 81 Parent and consolidated statement of changes in equity
- 82 Parent and consolidated statement of cash flows
- 83 Notes to the parent and consolidated financial statements

## Other information

- 110 Alternative Performance Measures
- 111 EU SFDR Disclosures
- 122 Glossary
- 124 Directors and advisers
- 125 Report of the Alternative Investment Fund Manager
- 126 Notice of Annual General Meeting
- 128 Notes to the notice of Annual General Meeting

# Company Overview

## 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 focussed 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.
- High quality portfolio with potential 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.

**£132.7m**



Net Asset Value

**SFDR Article 9**



Climate impact fund

**>91,000 tonnes**



CO2e emissions avoided in FY2023

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

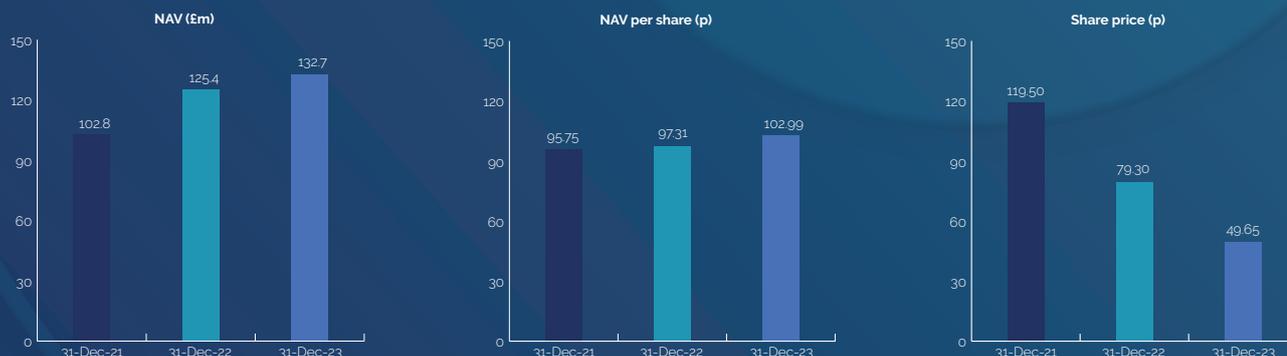


\*For an investor in HGEN at IPO. The total NAV return target is a target only and not a profit forecast.

# Highlights



## At a glance



## Financial and operational highlights

- NAV increased by 5.8% from £125.4 million at 31 December 2022 to £132.7 million at 31 December 2023 due to valuation uplifts in multiple portfolio companies. NAV per share increased to 102.99p at 31 December 2023;
- The share price fell from 79.30p to 49.65p and the discount to NAV increased from 18% to 52% as rising interest rates put pressure on investment trust discounts;
- Positive progress on revenue growth from portfolio companies, delivering an aggregate £74.0 million in total revenue in the year to 31 December 2023, an increase of 125% compared to the year to 31 December 2022;
- Investment activity centred on follow-ons, with one new investment. During the year ended 31 December 2023, the Company successfully completed its first investment in a private hydrogen project (Thierbach project in Germany) and made follow-on investments in 5 Private Hydrogen Assets in its portfolio, totalling £10.6 million;
- Strategic industrial investors have backed HydrogenOne portfolio companies in 2023, including Cemex and HD Hyundai in HiiROC and Elcogen respectively;
- At 31 December 2023, the total invested capital since IPO amounted to £113.7 million;
- The portfolio weighted average discount rate at 31 December 2023 was 14.2% (31 December 2022: 13.0%) resulting in a 6.7 pence per share reduction in NAV between 31 December 2022 and 31 December 2023;

- The Company has retained a cash position of £4.6 million as at 31 December 2023, and £2.3 million of listed hydrogen companies at the end of the year;
- Post-period NanoSUN has been restructured to create a new company, Swift Hydrogen;
- The fundamentals of the clean hydrogen sector continued to strengthen, despite recent weak macro-economic conditions. The Company has seen some \$17 billion of financial investment in green hydrogen in 2023, an over 400% increase over 2022 levels, underscoring the positive industry outlook for clean hydrogen.

## Environmental, Social and Governance (ESG) highlights

- Classified as an Article 9 Fund under the SFDR;
- 91,116 tonnes of Greenhouse Gas (tCO<sub>2</sub>e) emissions avoided in the year ended 31 December 2023 (an increase of 113.13% from the prior year) and 141,695 tCO<sub>2</sub>e since IPO;
- 92% alignment with EU taxonomy for sustainable activities (the "EU Taxonomy") assessment on Private Hydrogen Assets at 31 December 2023;
- £113.7m deployed in low-carbon growth (since fund inception);
- Potential 571,294 MWh lifetime clean energy capacity in year ended 31 December 2023 and 797,294 MWh since IPO;
- 1,406 jobs supported; and
- Continued stewardship activity with portfolio companies to further enhance ESG credentials and reporting, with 6 month reporting of key metrics introduced.

## SFDR

### Article 9

92% EU Taxonomy Aligned

**141,695**

Avoided GHG Emissions since IPO

**£114m**

Deployed in Low Carbon Growth

Key statistics as at 31 December 2023	At 31 December 2023 <sup>2</sup>	31 December 2022	% change
NAV per Ordinary Share	<b>102.99p</b>	97.31p	5.8%
NAV	<b>£132.7m</b>	£125.4m	5.8%
Ordinary Share price	<b>49.65p</b>	79.30p	(37.4)%
Market capitalisation	<b>£64.0m</b>	£102.2m	(37.4)%
Share price premium/(discount) to NAV <sup>1</sup>	<b>(51.8)%</b>	(18.5)%	(180.0)%
Total Shareholder NAV return per Ordinary Share <sup>1</sup>	<b>5.8%</b>	1.6%	262.5%
Ongoing Charges <sup>1</sup>	<b>2.6%</b>	2.5%	2.0%
Cumulative capital deployed in low-carbon growth since inception	<b>£113.7m</b>	£102.9m	10.5%
GHG emissions avoided	<b>91,116 tCO<sub>2</sub>e</b>	42,716 tCO <sub>2</sub> e	113.3%
The EU taxonomy alignment	<b>92%</b>	89%	3.4%

### 3 Year Performance

Key statistics as at 31 December 2023	At 31 December 2023 <sup>2</sup>	31 December 2022	31 December 2021
NAV per Ordinary Share	<b>102.99p</b>	97.31p	95.75p
NAV	<b>£132.7m</b>	£125.4m	£102.8m
Ordinary Share price	<b>49.65p</b>	79.3p	119.5p
Market capitalisation	<b>£64.0m</b>	£102.2m	£128.3m
Share price premium/(discount) to NAV <sup>1</sup>	<b>(51.8)%</b>	(18.5)%	24.8%
Ongoing Charges <sup>1</sup>	<b>2.6%</b>	2.5%	2.1%
Total Shareholder NAV return per Ordinary Share <sup>1</sup>	<b>5.8%</b>	1.6%	(2.3)%
Cumulative capital deployed in low-carbon growth since inception	<b>£113.7m</b>	£102.9m	£48.6m
GHG emissions avoided	<b>91,116 tCO<sub>2</sub>e</b>	42,716 tCO <sub>2</sub> e	N/A
The EU taxonomy alignment	<b>92%</b>	89%	N/A

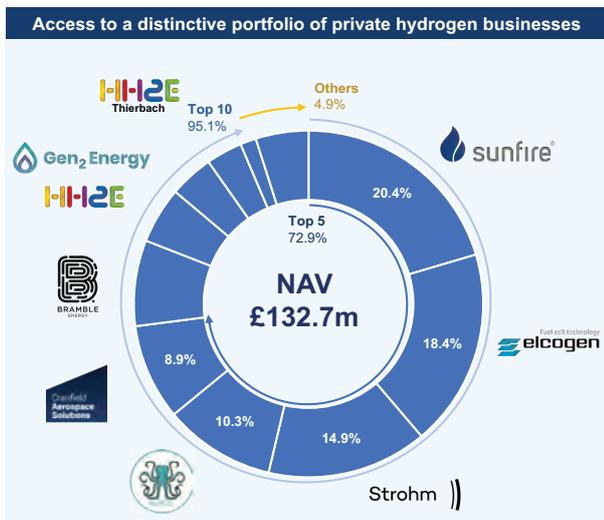
<sup>1</sup> Alternative Performance Measures ("APMs"). The disclosures above are considered to represent the Company's APMs. Definitions of these APMs and other performance measures used by the Company, together with how these measures have been calculated, can be found on page 110.

<sup>2</sup> Total returns for the 12 months to 31 December 2023.

# Portfolio at a Glance

## Portfolio summary as at 31 December 2023

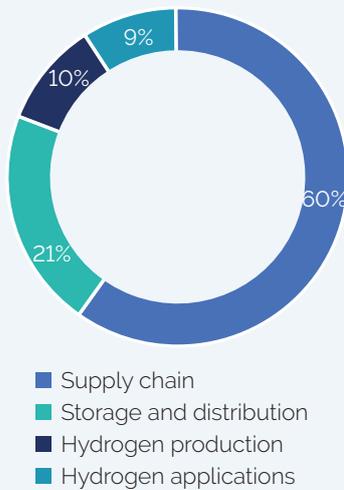
HydrogenOne has a unique and concentrated portfolio, invested across the hydrogen value chain



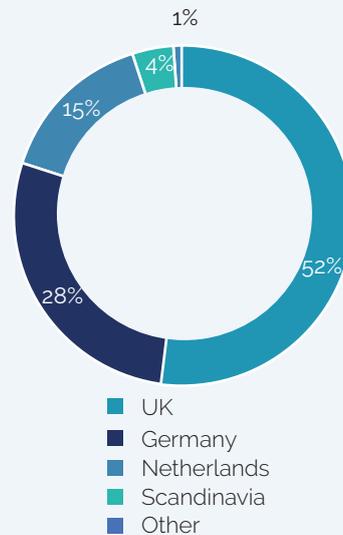
### Where we invest

- Revenue-generating equipment businesses
- Hydrogen production projects
- Co-investing with industrial strategics and institutions
- Diversified portfolio and geography
- Clear strategies to exit via IPO or trade sale

### Portfolio segmentation by theme



### Portfolio segmentation by geography



# Chairman's Statement



## On behalf of the Board, I am pleased to report on the performance and activities of the Company in 2023.

**Simon Hogan** *Chairman*

On behalf of the Board, I had hoped to report an improved share price this year. However, the share price remains at a steep discount, despite an increase in NAV in 2023, as is the case for many listed funds presently. The outlook for the clean hydrogen sector remains positive and we believe that the portfolio can generate attractive returns over time. We fully support the Investment Advisor's strategy of investing in a diversified portfolio of hydrogen assets, across the value chain. Whilst macro-economic factors are outside of our control, we believe that selective investment, stewardship of the portfolio, and divestments can positively impact our NAV, and improve the share price over time.

### Hydrogen Industry Landscape

The outlook for the clean hydrogen sector remains positive, and industry investment and capacity growth is accelerating in a sector that plays a key role in the energy transition. The COP 28 meeting in Dubai at the end of 2023 concluded with a call to transition away from polluting fossil fuels and accelerate growth in renewables, in order to mitigate the impact of climate change. At the same time, government policies and funding in many regions remain supportive of growth in clean hydrogen, as part of the push to 'net zero'. The fundamentals of the hydrogen sector continue to strengthen, despite weak macro-economic conditions. The Investment Advisor has tracked a 50% increase in green hydrogen production in 2023 compared to 2022, and an over 400% increase in investment in the sector, underpinning further growth. All of this underscores my view that the outlook for investment in clean hydrogen remains positive, despite headwinds in markets more generally during 2023.

### Share Price Discount

Whilst our share price traded at a premium to NAV in 2021 and early 2022, the weakness seen towards the end of

2022 has continued throughout 2023. We recognise that decline in our share price, which reflects wider moves in equity markets and the listed funds sector, will have been disappointing for our investors. Significant changes are underway in energy markets, with new industry and political emphasis on energy security as a result of Russia's invasion of Ukraine, with renewed market emphasis on fossil fuels.

Investors for the large part have allocated capital away from emerging technology sectors, as a result of higher market discount rates and reduced risk appetite, and this has impacted our share price. Factors, such as inflation, discount rates, energy policies and the weak funding environment also impact the underlying portfolio companies.

Nevertheless, I hope this Annual Report sets out the positive progress that we are making with value creation in the Company's portfolio, with businesses that we believe can generate substantial value for our investors over time.

The Company and the Investment Adviser continue to focus on increasing the share price and attracting fresh capital into the Company. The Company, in conjunction with portfolio companies, is planning to exit some positions during 2024, which the Board believes will support the Company's objective of delivering capital growth through investment in a diversified portfolio of hydrogen assets. Subject to wider market conditions, strong NAV performance over the long term may increase the Company's appeal to investors and underpin renewed share price performance.

Our business model remains to invest in growth companies in the hydrogen sector, with the aim to exit these positions over 3 to 5 years holding periods, at multiples of invested capital, in order to generate 10-15% NAV growth over time. While we are unable to influence the general market weakness around us, we continue to ensure that the Company is positioned to weather the current downturn and able to exploit growth opportunities when the market recovers.

### Performance

The Company remains well positioned to grow value for our investors. During the period, the Company's NAV increased by 5.8%, from £125.4m to £132.7m (97.3 pence per share to 103.0 pence per share) due to valuation uplifts in multiple portfolio companies, as those management teams delivered on their respective growth plans. Our diversified approach to portfolio construction has contributed to a resilient valuation in 2023, despite weakness in financial markets more generally. Overall, private investments contributed £14.0 million or 10.8 pence per share to the valuation. This NAV growth was delivered despite the negative impact on valuations as a result of a prudent increase in discount rates, which had the effect of removing £8.6 million, or some 6.7 pence per share from our 31 December 2023 valuation, compared to 31 December 2022.

The Company reported a gain after tax of £7.3m for the period, equal to 5.7 pence per share. The Company's

# Chairman's Statement

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 dividends during the period, as we continue to focus on growth investments.

Eight of the Company's private investments are revenue generating, producing equipment and technology solutions for clean hydrogen production. The aggregate revenue from these investments was £74m in the 12-month period to 31 December 2023, an increase of 125% from the prior year. This growth is as a result of portfolio companies converting their distinctive technologies into orders from customers.

## Investment Strategy and Update

The Company continues to invest in a diversified portfolio of hydrogen related activities, predominantly in private companies and with a particular focus on the innovative technologies that are needed to unlock profits in clean hydrogen. Wherever possible, we have sought to protect the Company from dilution of its interests, should we not be able to participate in funding rounds.

With the majority of the Company's capital now deployed, our approach has focused on incremental investments in existing portfolio companies, with £10.6 million invested in 2023 backing these management teams to deliver their growth plans. This comprised:

- The Company invested £3.5 million in a follow-on investment in hydrogen flight innovator Cranfield Aerospace Solutions Ltd, alongside Safran Corporate Ventures and the Strategic Development Fund;
- The Company committed to invest £2.5 million (EUR 2.8 million) into a green hydrogen production project at Thierbach, in Germany, managed by HH2E AG, in order to further progress this project, ahead of a final investment decision. To date £1.9 million (EUR 2.1 million) has been drawn;
- The Company invested £2.5 million in a follow-on investment in NanoSUN, a hydrogen technology, transportation and distribution business;
- The Company invested £1.8 million in a follow-on investment into Sunfire AG, a leading electrolyzer developer and supplier;
- The Company invested £0.5 million in a follow-on investment in Strohm, a low carbon pipeline innovator in the Netherlands; and
- The Company invested £0.4 million in a follow-on investment in Gen2 Energy, a green hydrogen development company in Norway.

It was also pleasing to see new investment from industrial strategic players in HydrogenOne's portfolio, such as HD Hyundai's backing of Elcogen, and Cemex in HiiROC, further supporting the Company's investment case for these

investments. These investors not only bring growth capital, but also new routes to market for these distinctive technologies.

## Valuation

Listed funds continue to 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. The weighted average discount rate at 31 December 2023 was 14.2%, compared to 13.0% at 31 December 2022, which reduced NAV by £8.6 million or 6.7 pence per share at 31 December 2023. The details of these valuations are set out later in the annual report. The valuations in this report have an implied forward multiple of 9.8 times 2025 expected revenues, which is in line with listed hydrogen sector multiples, and underscores the robust approach we are taking to valuations. The discount of the Company's private investments to the listed peer group has narrowed over 2023, due to weakness in listed hydrogen company share prices. Share prices in the listed markets are reflected in the valuation of the Company through listed assets in the portfolio.

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 in 2023, where we 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 company investments.

## Environment, Social & Governance

Since our launch in 2021 the Company has invested in clean hydrogen assets which contribute to the energy transition and can lead to avoided GHG emissions. ESG principles are integrated across the investment process. 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, and disclosed GHG information on the Carbon Disclosure Project ("CDP") for the first time in 2023. 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 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 evaluated prior to any investment decision, and managed thereafter through close relationships with the Company's private company investments.

The Company's portfolio companies are supplying critical components, such as electrolyzers and fuel cells, as well as services such as transportation and storage of hydrogen, to clean hydrogen manufacturing projects and hydrogen end-users. All of this results in the replacement of fossil fuels such as diesel in the energy mix, and avoids greenhouse gas emissions, which have totalled 141,695 CO<sub>2</sub>e since our IPO in 2021, presenting clear growth opportunities for the broader sector.

We are tracking GHG emissions from portfolio companies, which totalled 99 tCO<sub>2</sub>e in 2023 (Scope 1 and 2) and are engaged with these management teams to reduce GHG intensity over time. The Investment Advisor is represented on the boards of all of the private investments and driving continuous improvement in ESG delivery more generally.

The Company is dedicated to further developing and progressing our ESG framework to achieve the highest reporting and performance levels. Alongside this Annual Report, we are publishing a separate Sustainability Report, that sets out our policy and track record in more detail.

### Annual general meeting

The Annual General Meeting will be held on 21 May 2024 at 12.00 noon at the Company's registered office, 6th floor, 125 London Wall, London EC2Y 5AS, and we look forward to welcoming shareholders to the event in person.

The meeting will consider the formal business of the AGM, as set out in the Notice of the AGM, and thereafter the Investment Adviser will provide a presentation on the Company's portfolio.

### Events After the Period End

In February 2024, the Company implemented a restructuring of NanoSUN, and relaunched the streamlined business, renamed as Swift Hydrogen Ltd ("Swift"), which the Company owns. The carrying value of NanoSUN at 31 December 2023 is £5.4 million, compared to £11.5 million at 31 December 2022.

In March 2024, Sunfire announced a funding round totalling more than EUR 500 million. The Company exercised its anti-dilution and conversion rights in this round for £0.3 million. The Board resolved to make a non-material modification to the Company's investment restrictions, so that investments in Sunfire, measured at the time of investment, shall not exceed 21% of the Company's GAV. The Company's existing restriction of an investment limit of 20% of GAV at the time of investment is unchanged for the remainder of the portfolio.

In April 2024, the Company agreed to a restructuring of HH2E, ahead of planned material third party fund raising for green hydrogen projects in Germany. The Company has exchanged its development rights for five project SPVs, including the Thierbach SPV for equity in HH2E. In parallel, the Lubmin SPV, which was previously carved out of the Company's direct holdings, has also been combined with HH2E in a non-cash transaction for the Company. The Company's previously announced development loan to Thierbach, of which £1.9 million has been drawn, will be reduced to £0.7 million, through a swap for equity in HH2E. The Company's resulting equity share of HH2E is unchanged, at around 11%, on an enlarged asset base and with a simpler corporate structure, and with direct exposure to the Lubmin project.

### Outlook

Our diversified portfolio approach has proved resilient and our investment case has been reinforced further by macro tailwinds and supportive regulatory regimes in the clean hydrogen sector. There are considerable uncertainties on the near-term macro-economic outlook, and a challenging funding environment in private equity, which are affecting valuations across 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. New regulations and funding for clean hydrogen are being rolled out in the USA, UK and EU.

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

As we move to exit selected portfolio companies, either partly or entirely, the Board will be focused on protection of invested capital and realising returns. This ambition frames 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 develop our portfolio of unique and diverse portfolio of clean hydrogen investments.

**Simon Hogan**  
Chairman

17 April 2024

# Key Portfolio Milestones 2023

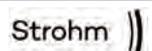
## Q1 2023



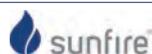
- Elcogen signs MOU with Hyundai, one of the world's largest shipbuilders.



- HH2E launches 100MW green hydrogen production project at Thierbach, Germany.



- Strohm completes its plant expansion in the Netherlands, for 140km/year of TCP pipeline.



- Sunfire launches new alkaline electrolysis plant in Solingen, Germany, targeting 500MW capacity.

## Q2 2023



- Sunfire installs a 2.6MW solid oxide electrolyzer, the world's largest, in Rotterdam.



- Strohm selected for 10MW offshore hydrogen facility in Belgium "HOPE".



- Cranfield Aerospace appoints Evolito as the motor and inverter supplier for its hydrogen-powered aircraft demonstrator.



- Bramble Energy receives £12.0m UK Government funding to provide fuel cell technology to hydrogen buses.



- Gen2 Energy receives zoning plan approval for a 100MW green hydrogen facility in Mosjøen, Norway.

## Q3 2023



- Sunfire signs contract for 100 MW alkaline electrolyzer to a European refinery and receives a €169 million grant from IPCEI to support its growth plans.



- Elcogen awarded funding from IPCEI for a €25.4m to accelerate the deployment of its solid oxide technology.



- Strohm installs its first deep-water TCP in Guyana at water depths of 1,700m.



- HH2E, DHL Group, and Sasol announce collaboration on sustainable aviation fuels in Germany, for potentially 500,000 tonnes per annum.

## Q4 2023



- Sunfire commences construction of €30m Research and Development centre at Dresden, Germany. GET H2 TransHyDE joint project start-up achieved first hydrogen production, using a 250 KW solid oxide electrolyzer from Sunfire.



- Elcogen receives €45m investment from strategic investor Hyundai, and groundworks commenced at 100MW facility in Estonia.



- HiiROC receives investment from strategic investor Cemex Ventures, which will deploy HiiROC equipment in the UK.



- Cranfield Aerospace and Dronamics announce plans for hydrogen-electric propulsion system to the Black Swan cargo drone aircraft.



- Bramble Energy wins The Gateley Business Transformation of the Year Award 2023 and included in the Deloitte UK Fast 50.



- HH2E signs green hydrogen offtake agreement with Germany hydrogen refuelling leader H2 Mobility.



- Gen2 Energy and SEFE sign terms for delivery of green hydrogen from Norway to Germany.

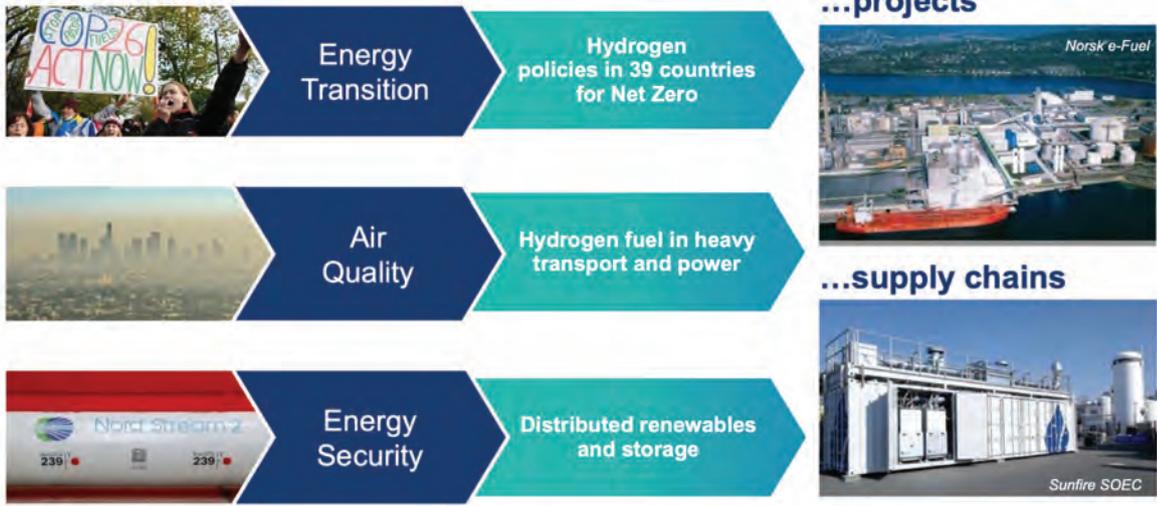
# Strategic report

10	About clean hydrogen
12	Hydrogen market commentary and outlook
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16	Investment objective, policy, process and strategy
19	Strategy, business model and KPIs
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47	Environmental, Social and Governance
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# About Clean Hydrogen

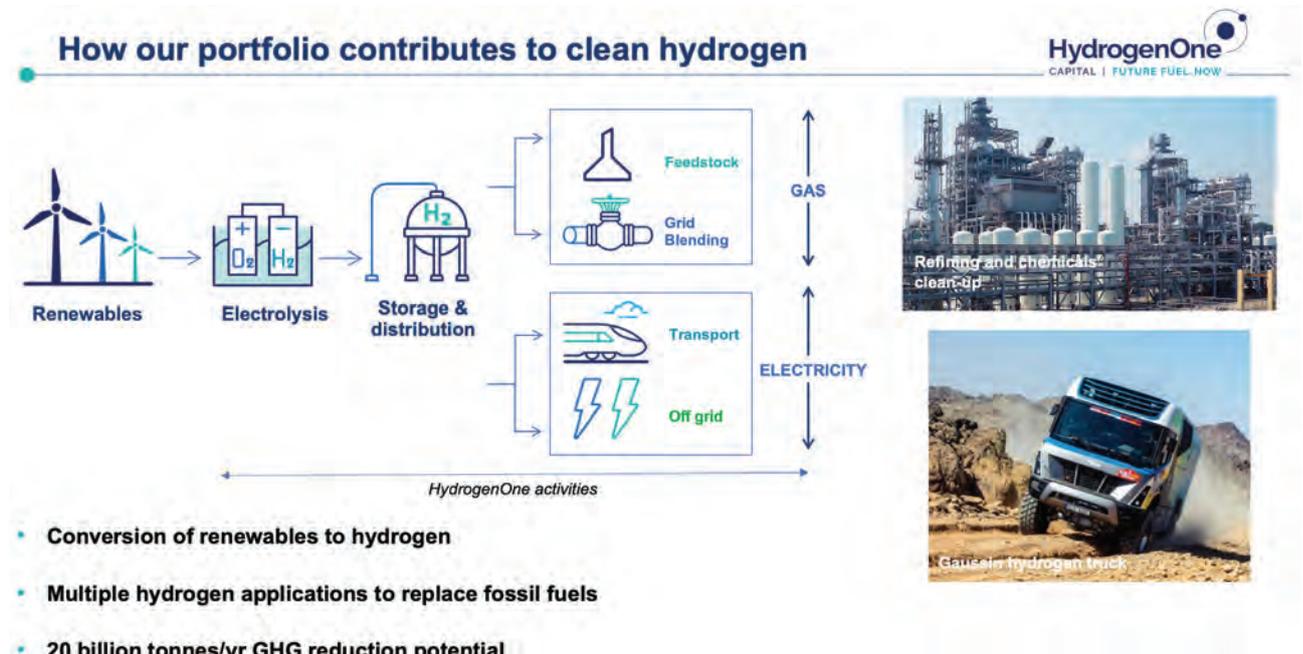
- Clean hydrogen displaces fossil fuels, reducing CO2 emissions and improving air quality
- Some 90 million tonnes per day of hydrogen is used today in manufacturing of oil products, chemicals and steel. The demand to replace this polluting 'grey' hydrogen, mostly produced from natural gas, with clean hydrogen underpins growth in the clean hydrogen sector
- Clean hydrogen can also replace fossil fuels in hard to decarbonise sectors such as power generation and transport
- Clean hydrogen is an energy carrier, that can store and distribute intermittent renewable electricity at a large scale
- Hydrogen combined with renewables such as wind and solar provides a domestic energy supply option for many countries, reducing reliance on imported energy.

## What is driving the hydrogen economy?



Putting all this together, clean hydrogen demand could increase by over 200 times between 2019 and 2030 as the energy transition gathers pace, abating some 6 billion tonnes/year of CO<sub>2</sub> emissions by 2050. Announcements at COP28, calling for the transition away from fossil fuels and trebling of renewables, all underpin the positive outlook for the clean hydrogen industry. Clean hydrogen plays a key role in many corporate and country plans for Energy Transition.

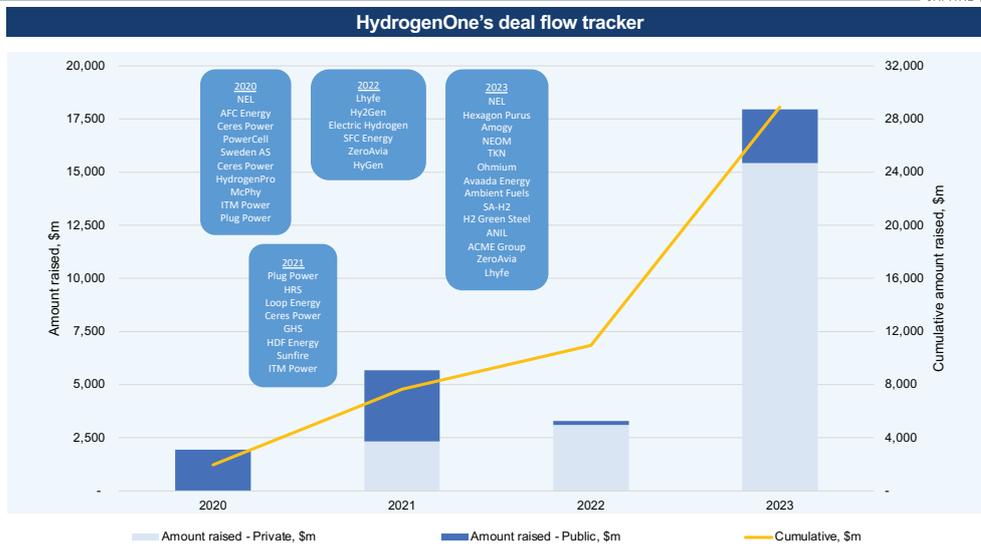
By 2050, the global hydrogen market could reach \$2.5 trillion, dominated by hydrogen producers, electrolyzer and fuel cell manufacturers. Replacing today's c.\$175 billion 'grey' hydrogen market with clean hydrogen could mitigate over 800 million tonnes per annum of greenhouse gas emissions. Some 20 billion tonnes per annum of GHG emissions can be addressed with clean hydrogen over time, which is over one third of all GHG emissions today.



# Hydrogen market commentary and outlook

The clean hydrogen sector continues to grow rapidly, despite headwinds from weak financial markets. The Investment Adviser has tracked \$17 billion of new investment into clean hydrogen in 2023, over 400% higher than in 2022. This has included landmark project developments such as NEOM Green Hydrogen, which is set to be a 4GW facility in Saudi Arabia, producing 600 tonnes per day of green hydrogen and the go-ahead of a 1GW green hydrogen facility and green steel facilities in Sweden, that will use 1 GW of green hydrogen for electricity generation and as a reducing agent. Alongside these private transactions, the 2023 IPO of ThyssenKrupp Nucera marked a new electrolyzer entrant into public markets, with an enterprise value in excess of €2.5 billion.

## Strong increase in investment in clean hydrogen in 2023



**A total of \$28.9 billion (c. £23 billion) of new investment has been committed into clean hydrogen in 2023 (+440% vs FY 2022)**

Some 1.2GW of green hydrogen production was on line globally at the end of 2023, a 50% increase year-on-year. This includes the start-up of the 260MW Xinjiang Solar Hydrogen Project in China and new liquefied hydrogen facilities in the USA. In addition, there are some 35GW of further projects in development world-wide, an increase of 20% from 2022, which could result in over 40 million tonnes per annum of avoided greenhouse gas emissions.

## 50% growth in green hydrogen production in 2023



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

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.

In response to the Russian invasion of Ukraine, the EU has reshaped its energy policy to the REPowerEU 2030 plan, which calls for over 300GW of clean hydrogen by 2030, compared to 80GW in previous plans. Some €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 €8.8 billion of private investment. The Hy2Tech links 41 projects and 35 companies building out the hydrogen sector, and has qualified for IPCEI funding. The EU's Hydrogen Bank began the auction of €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.

Germany, where the Company has 27% of its NAV, is a leader in this, and has incorporated the RED III Delegated Act into national law, which confirmed a 42% target for use of renewable hydrogen in industry, and announced plans for more stringent measures to curb GHG emissions, including a new hydrogen pipeline system (the "Core Network"), and plans to blend hydrogen with the natural gas grid. Germany's 3mtpa target for hydrogen in 2030 is the same size as the entire US target for clean hydrogen.

In the Netherlands, where the Company has 15% of its NAV, the government has 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 €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 €28 billion climate package, which included €7.5 billion for green hydrogen.

In the UK, 2030 clean hydrogen targets have been doubled during 2023 to 10GW. The UK Government has 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, 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.

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 electrolyzers, 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.

# Q&A with the Investment Advisor



**Dr JJ Traynor**

In this section, we address some of the questions that we frequently hear from investors and commentators in the hydrogen industry.

## Is green hydrogen in production today, or is this just an emerging technology?

Yes, this is a producing industry, today, with very strong growth potential. We are tracking 1.2GW of green hydrogen in production at the end of 2023, which is an increase of 50% compared to 2022. Projects in design total 35GW, a near 30-fold increase should all this production come on stream. The UK, where many of the readers of this report will be based, has not historically been a leader in green hydrogen, but has plans and government funding in place for 5GW of green hydrogen by 2030, compared to essentially zero today.

## Who is buying green hydrogen?

Presently, most of the demand for green hydrogen comes from chemical plants, oil refineries and the fertiliser sector, as these industries look to replace polluting 'grey' hydrogen in their industrial processes with green hydrogen. As an example, TotalEnergies announced a tender for 500,000 tonnes per year of green hydrogen for its European refineries, in 2023, to decarbonise all of the hydrogen used on these sites by 2030. We also see strong growth in demand for green hydrogen in heavy ground transport, particularly in EU bus fleets and commercial trucks, and in some regions in the United States. HydrogenOne portfolio companies have supplied equipment for transportation of hydrogen in Germany, during 2023, and signed supply agreements for green hydrogen there.

## Will blue hydrogen remove the need for green hydrogen?

Blue hydrogen has been in production in North America for some 15 years, using natural gas as a feedstock, and geological carbon capture for the resulting CO2 emissions. This is not a new technology. We do expect further growth in blue hydrogen, as well as green, especially in countries with legacy natural gas production and geological sites for CCS. Energy transition policies in the USA and UK support this trend. However, since blue hydrogen fundamentally encourages more exploration and development of polluting fossil fuels, we expect green hydrogen to dominate the supply picture and investment thinking in the future, and to compete with blue on supply cost.



**Richard Hulf**

## Will hydrogen break into the transport sector?

Yes. Battery electric is the best option for cars over short to medium distances. However, batteries cannot store enough energy at a reasonable size to move heavy vehicles over long distances. Hydrogen fuel cells are the best option for trucks, trains (on tracks that are not electrified), fork lift and SUV. Most auto companies are developing hydrogen fuel cell vehicles currently. With some 80,000 fuel cell electric vehicles ("FCEV") in use worldwide today, hydrogen has arrived as a viable transport fuel for medium to heavy trucks, trains, and forklifts. The shipping market and aviation are fast emerging as the next wave of hydrogen for transport applications.

Some 814 hydrogen refuelling stations are already in operation worldwide. Concrete plans are already in place for 315 additional refuelling station locations. Europe has 254 hydrogen stations currently, 105 of which are in Germany. France is still second in Europe with 44 operating stations, followed by the UK and the Netherlands with 17 each. The USA alone has over 100,000 gasoline stations and globally there could be 400,000 of these. The incumbents, mostly oil companies, are looking for ways to green up these otherwise-stranded assets.

## Isn't clean hydrogen high cost and it won't be able to compete with fossil fuels?

Economic recovery from COVID and Russia's invasion of Ukraine have resulted in more 'normal' fossil fuel prices c.\$80-\$120 Brent. This is a markedly-different position than the 2015-2020 "\$40" world, and reflects the real replacement cost of fossil fuels. As an example, all of the big oil companies now have hydrogen and carbon capture strategies – ExxonMobil see hydrogen as a \$1tn market medium term; BP see hydrogen as up to 15% of the energy mix long term. The debate has really shifted to the timescales, rather than price competition.

## Can you drill for native hydrogen, like you do for oil & gas?

Native hydrogen has been found in volcanic rocks, salt mines and sedimentary rocks, most notably in water wells drilled in Mali in the 1980s, and recent announcements of discoveries in France. This could be an important source of hydrogen, that could have a role in stimulating the hydrogen market and switching away from fossil fuels. The shipping costs of hydrogen over long distances are prohibitive, as are the clean-up costs to make fuel cell

purity hydrogen, and there are considerable financial risks with exploration drilling for hydrogen. All of this makes the outlook for native hydrogen uncertain, but it could play an important role in the growth of this industry.

### **Will hydrogen be blended in natural gas networks and used in domestic boilers?**

We are seeing hydrogen blending gathering pace in many countries, for consumption in power plants and domestic environments. Town gas, made from coal, is 20-50% hydrogen, and was used in the UK until the 1970s, and is in use today in Hong Kong. Germany has authorized 10% hydrogen blending. In the UK, the government is assessing next steps on blending, probably to 20%, following testing led by Keele University and HyDeploy. Most domestic boilers in the UK can burn 20% hydrogen blend today. Pure hydrogen networks (100% hydrogen) are more likely to be for dedicated supply to industrial customers, particularly refineries and chemicals plants, rather than domestic customers.

### **What is happening with policy support for clean hydrogen?**

Globally we see at least 40 countries with hydrogen policies and some \$70 billion of funding, all as part of government plans for energy transition. There are a range of policies on the table for investors:

In the EU, the REPowerEU 2030 plan calls for over 300GW of clean hydrogen by 2030. 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 8.8bn of private investment. The EU's Hydrogen Bank auctioned 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\$8bn 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\$369bn for climate and energy proposals. Within this Act, there is a tax credit for clean hydrogen of US\$0.6/kg to US\$3/kg, depending on life cycle emissions. This is expected to make green hydrogen cost competitive with grey hydrogen and make US clean hydrogen amongst the lowest cost in the world.

In the UK, 2030 clean hydrogen targets have been doubled during 2023 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.

# Investment objective, policy, process and strategy

## 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 electrolyzers 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.

# Investment objective, policy, process and strategy

## Investment process

The Company follows a proven and successful process in order to access and execute its distinctive deal flow. The Investment Adviser has specialist insights and strong industry and market networks to access potential investment opportunities. The Company typically invests alongside some of the world's largest industrial corporations

and investors. The Investment Adviser's clear investment and ESG policies underpin and guide everything that it does. The Investment Adviser, the Advisory Board, the technical advisors, regulatory and legal counsel all combine to deliver the optimal deal structures for the shareholders.

## Well established investment process and access to deal flow



# Strategy, business model and KPIs

## A highly differentiated strategy, 100% focussed on clean hydrogen

The Company offers distinctive access to private investments, across the full hydrogen value chain, and across the OECD. The 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, as a SFDR Article 9, PRI and Green Economy Mark company, integrating core ESG principles into our decision making and ownership process, for a positive environmental impact.

As the first UK listed investment company specialising in this sector, the Company has a clear competitive advantage as an early mover into a complex sector, and offers its investors a unique window into the private hydrogen asset market. With its emphasis on Private Hydrogen Assets, the Company, gives investors an opportunity to be exposed to liquidity and portfolio diversity in hydrogen companies and projects, hard to access elsewhere, with strong growth potential.

An investment in the Company offers exposure to the broader hydrogen sector whilst, at the same time, diversifying risk for an investor. By targeting a diversified portfolio of listed and private investments across different jurisdictions and different technologies, the Company seeks to spread some of the key underlying risks relating to clean hydrogen.

A focus on material ESG factors, and especially the deployment of capital to deliver the energy transition to a low carbon economy, is at the heart of what the Investment Adviser does, running hand in hand with a strategy to deliver the target 10-15% per annum NAV growth for the investors over the medium to long term.

The Investment Adviser is a specialist investor in this complex and rapidly-developing growth sector. The Company believes that this specialised approach is a competitive advantage that will only grow over time.

By excluding 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) from the portfolio and taking on further ESG screens, the portfolio is expected to be an early mover to Net Zero in the energy transition, and will not be encumbered by the legacy greenhouse gas emissions inherent in other players in the hydrogen sector.

The clean hydrogen industry in the short term is dominated by bespoke sources of supply, financed by specialised offtakers, typically at 5MW to 100MW scale. In the period from 2025 to 2030 the Investment Adviser expects these facilities to be upscaled to 100MW to 500MW scale, and ultimately to 1GW to 5GW. The Investment Adviser also believes that energy storage and CCS projects will also increase in scale in this timeframe, with the development of compressed air energy storage followed by hydrogen storage and long-distance transport through pipelines, as liquid hydrogen or as ammonia on ships.

## Business model

The Company is an investment company and its purpose, strategy, investment objective and policy are set out in the Annual Report. Any material change to the investment policy requires shareholder approval.

The Company makes its investment in Private Hydrogen Assets through HydrogenOne Capital Growth Investments (I) LP (the "HydrogenOne Partnership" or the "Limited Partnership"), in which the Company is the sole limited partner. The Company may also acquire Private Hydrogen Assets directly or by way of holdings in special purpose vehicles or intermediate holding entities.

The General Partner of the Limited Partnership is HydrogenOne Capital Growth (GP) Limited (the "General Partner"), a wholly owned subsidiary of the Company. Details of the Company and Group structure are given in note 1 to the Parent and Consolidated Financial Statements (the "Financial Statements"). Other than where specified, references to the Company in this document refer to the Company together with its wholly-owned subsidiary and investment as sole limited partner in the Limited Partnership.

The Company is governed by a Board of Directors (the "Board"), all of whom are non-executive, and it has no employees. The business model adopted by the Board to achieve the Company's objective has been to contract the services of FundRock Management Company (Guernsey) Limited as the alternative investment fund manager of the Company, pursuant to the AIFM Agreement (the "AIFM"). The AIFM has appointed HydrogenOne Capital LLP to provide investment advisory services in respect of the Company (the "Investment Adviser"). The Investment Adviser will advise on the portfolio in accordance with the Board's strategy and under its and the AIFM's oversight. The Principals of the Investment Adviser responsible for the day-to-day monitoring of the portfolio are Dr John Joseph "JJ" Traynor and Richard Hulf. The Board and the AIFM monitor adherence to the Company's investment policy and regularly reviews the Company's performance in meeting its investment objective.

All administrative support is provided by third parties under the oversight of the Board. Company secretarial and administration services have been delegated to Apex Listed Companies Services (UK) Limited ("Apex" or the "Administrator"); custody services to Northern Trust Company ("Northern Trust"); registrar services to Computershare Investor Services plc ("Computershare"); and effective 12 January 2023, the Company's broker is Barclays Bank PLC ("Barclays" or the "Broker"). Prior to this date the Company's broker was Panmure Gordon (UK) Limited.

The Board reviews the performance of the AIFM, the Investment Adviser and other key service providers on an ongoing basis. Further details of the material contracts of the Company are given in note 14 to the Financial Statements.

# Strategy, business model and KPIs

## KPIs

### Objectives

### Principal risks

<p><b>1</b>  <b>To deliver an attractive level of capital growth</b>                      The Company is targeting a Net Asset Value total return of 10 per cent to 15 per cent per annum over the medium to long-term.</p>	<ul style="list-style-type: none"> <li>• Changes in the legislative and regulatory framework that affect the hydrogen sector</li> <li>• Operational risks in the portfolio</li> <li>• Valuation risks (energy prices/inflation/ operational performance)</li> <li>• Investment process fails to identify new opportunities</li> <li>• Lack of future pipeline and/or funding</li> <li>• Increased competition for assets</li> </ul>
<p><b>2</b>  <b>A diversified portfolio of hydrogen and complementary hydrogen focussed assets</b></p>	<ul style="list-style-type: none"> <li>• Lack of future pipeline and/or funding</li> <li>• Increased competition for assets</li> <li>• Changes in the legislative and regulatory framework that affect the hydrogen sector</li> </ul>
<p><b>3</b>  <b>Maintenance of a reasonable level of premium or discount of share price to NAV</b></p>	<ul style="list-style-type: none"> <li>• Investment performance</li> <li>• Changes in the legislative and regulatory framework that affect the hydrogen sector</li> <li>• Lack of future pipeline and/or funding</li> </ul>
<p><b>4</b>  <b>Maintenance of a reasonable level of ongoing charges</b></p>	<ul style="list-style-type: none"> <li>• Costs are inadequately controlled</li> <li>• Failed investment processes leads to high level of abort costs</li> </ul>
<p><b>5</b>  <b>Environmental, Social and Governance policy integrated in investment decisions and asset monitoring</b></p>	<p>Please refer ESG section of the Annual Report and 2023 Sustainability Report for further details.</p>

## KPIs

## NAV per share

**102.99p**

2022: 97.31p

## Share price return

**(37.4)%\***

2022: (33.6)%\*

Return relative to Solactive Hydrogen Economy Index for year ended 31 Dec 2023

## NAV Total return per annum

**5.8%\***

2022: (1.6)%\*

## Index

**(36.6)%**

2022: (46.6)%

## Review

The Board monitors both the NAV and share price performance. A review of performance is undertaken at each quarterly Board meeting and the reasons for relative under and over performance against various comparators is discussed.

## Number of investments

**25**

2022: 25

## Number of geographies

**7**

2022: 7

## Invested portfolio split by value (Private: Listed)

**98%:2%**

2022: 97%:3%

The Board monitors the portfolio at each quarterly Board meeting and the reasons for relative under and over performance of sectors and geographies invested in, and performance of listed vs. private.

## Premium or (discount) of share price to NAV

**(51.8)%\***

2022: (18.5)%\*

The Board monitors the premium or discount on an ongoing basis.

## Ongoing charges ratio

**2.56%\***

2022: 2.51%\*

Board meetings. The Board reviews the ongoing charges on a quarterly basis and considers these to be reasonable in comparison to peers.

## Robust ESG policy with established KPIs

## Avoided GHG

**91,116 tCO<sub>2</sub>e avoided**(2022: 42,716 tCO<sub>2</sub>e avoided)

The Board reviews compliance with the ESG policy ahead of each investment decision, and in the Company on an ongoing basis. The Board additionally monitors developments in the ESG landscape more broadly.

\* The figures 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 110.

# Investment Adviser's Report

## Introduction

The Company's Alternative Investment Fund Manager ("AIFM"), FundRock Management Company (Guernsey) Limited, (part of Apex Group), has 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 as an alternative investment firm focussed 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. Their biographies are included on page 57.

### 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. The Principals anticipate a further increase in headcount as the Company continues to grow its activities.

### 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 evolve over time, with additional experts being added or substituted as and when required.

# Portfolio summary

Company	Country of incorporation	Value of investment £'000
<b>Private Hydrogen Assets held by the Limited Partnership at 31 December 2023</b>		
Sunfire GmbH	Germany	27,068
Elcogen plc	United Kingdom	24,430
Stroh	The Netherlands	19,719
HiiROC Limited	United Kingdom	13,701
Cranfield Aerospace Solutions Limited	United Kingdom	11,870
Bramble Energy Limited	United Kingdom	10,621
HH2E AG	Germany	6,971
NanoSUN Limited	United Kingdom	5,428
Gen2 Energy	Norway	4,443
Thierbach	Germany	1,955
<b>Total</b>		<b>126,206</b>

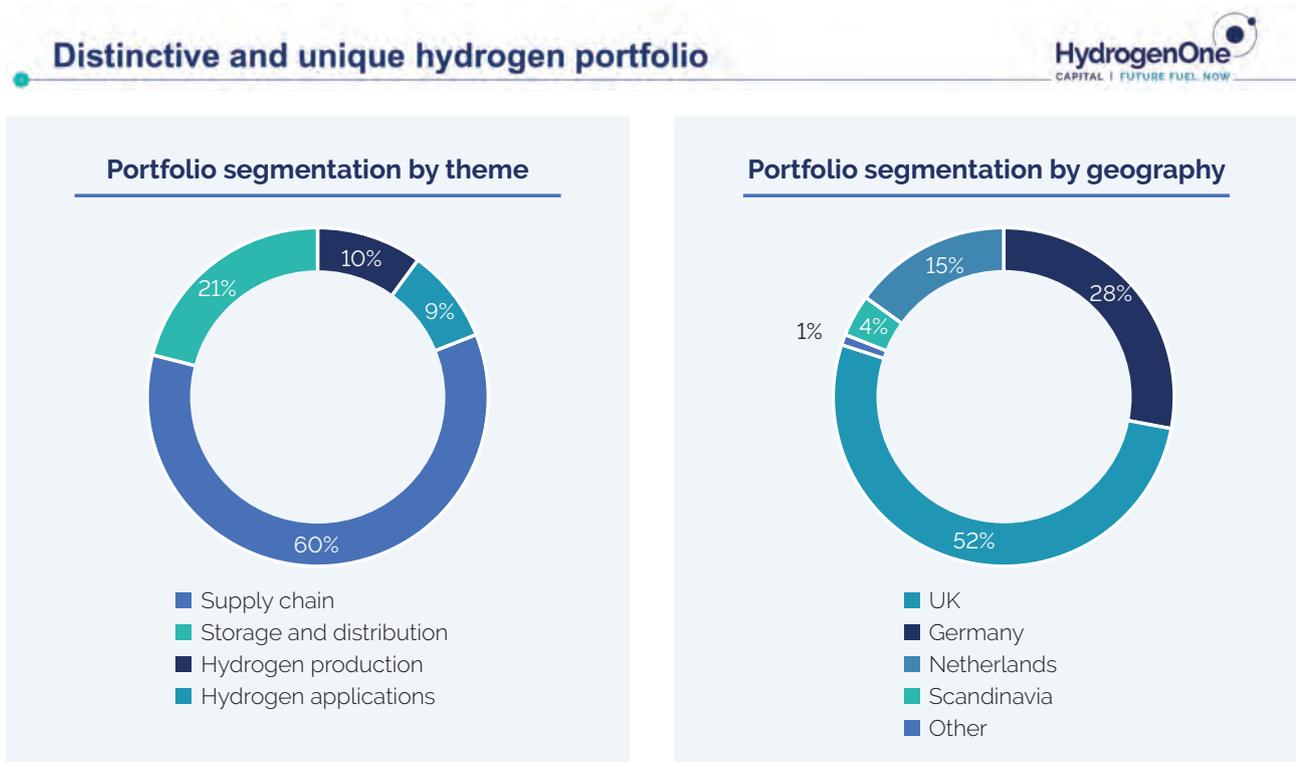
Company	Country of main listing	Market value £'000	% of net assets
<b>Listed Hydrogen Assets held by the Company at 31 December 2023</b>			
SFC Energy AG-BR	Germany	437	0.3
Hydrogen-Refueling-Solutions SA	France	278	0.2
Doosan Fuel Cell Co Ltd	South Korea	268	0.2
S-Fuelcell Co Ltd	South Korea	233	0.2
AFC Energy plc	United Kingdom	221	0.2
Hexagon Purus ASA	Norway	186	0.1
Green Hydrogen Systems A/S	Denmark	180	0.1
Fuelcell Energy Inc	United States	113	0.1
Ballard Power Systems Inc	Canada	100	0.1
McPhy Energy SA	France	80	0.1
Ceres Power Holdings plc	United Kingdom	77	0.1
Aker Horizons AS	Norway	73	0.0
ITM Power plc	United Kingdom	62	0.0
Enapter AG	Germany	11	0.0
Cell Impact AB	Sweden	3	0.0
<b>Total listed investments</b>		<b>2,322</b>	<b>1.7</b>

<b>Private assets investment held by the Company at 31 December 2023</b>			
HydrogenOne Capital Growth Investments (1) LP	United Kingdom	125,861	94.9
<b>Total investments</b>		<b>128,183</b>	<b>96.6</b>
Cash		4,626	3.5
Other net liabilities		(139)	(0.1)
<b>Total net assets</b>		<b>132,670</b>	<b>100.0</b>

# Portfolio review, performance and valuation

## Capital Deployment since IPO and Pipeline<sup>1</sup>

The Company has invested £113.7 million in ten Private Hydrogen Assets and a portfolio of listed equities since its 2021 IPO to 31 December 2023, directly or via the HydrogenOne Partnership. The private companies account for 95% of the NAV of the Company, and span the full value chain in the clean hydrogen sector. The portfolio is dominated by supply chain businesses, particularly electrolyzer and fuel cell makers such as Elcogen and Sunfire. There are further investments in storage and distribution businesses, such as Strohm, and project developers setting up green hydrogen production facilities. Whilst the UK accounts for over half of the portfolio by geography, the Investment Advisor assesses that the bulk of sales from portfolio companies are derived from the EU and Asia Pacific.



At the time of its IPO, the Company had an Investible Universe of c.120 Private Hydrogen Assets of private companies and hydrogen production projects. Since the IPO, the Company has seen significant expansion of its opportunity set in both private companies and hydrogen production projects, at least double the number of opportunities since the IPO. At the same time, the Company now sees material opportunities to invest in green hydrogen production projects, with financial close and final investment decision expected in the Company's portfolio developer businesses during 2024, in Norway and Germany. These projects, alongside further hydrogen opportunities build out to an investment pipeline of some £500 million available for the Company's investors in the future.

Alongside this expansion in the opportunity set, the Company has seen the arrival of multiple industrial investors into the hydrogen sector. This is typically incumbent consumers of grey hydrogen, and companies seeking to access clean hydrogen supplies and technologies. The Company is invested alongside multiple industrial strategic investors today.

The Company has been investing in follow-ons in its existing portfolio during 2023, alongside existing investors, and new investors, against the backdrop of a challenging environment for fund raising for the hydrogen sector and the Company. The Company will likely require a fresh capital raise in order to invest in any new pipeline opportunities.

<sup>1</sup> Capital deployed is comprised of the acquisition costs of Listed Hydrogen Assets (2023: £nil, 2022: £nil, 2021: £9.4 million) and Private Hydrogen Assets acquired by the Limited Partnership (2023: £10.6m, 2022: £54.3 million, 2021: £39.2 million).

### Investing alongside blue-chip industrials and funds

## Investing alongside blue-chip industrials and funds



Invested companies		Co-investors			
Hydrogen production	Gen <sub>2</sub> Energy	Vitol	HØEGH LNG	Knutser Group	HYCAP
	HH2E	Foresight <small>FOR A SMARTER FUTURE</small>			
Storage & distribution	NanoSUN	Westfalen			
	Strohm	Shell	Chevron	EVONIK <small>Leading Global Chemistry</small>	
Supply chain	sunfire	PlanetFirst PARTNERS	lightrock	NESTE	CIP <small>Capgemini Infrastructure Partners</small>
		Melcor	HYUNDAI	centrica	CARBONDIRECT
			BGF	Parkwalk <small>Working in partnership</small>	amazon
	elcogen <small>Fuel cell technology</small>	VNT MANAGEMENT	BIOFUEL OÜ	HD HYUNDAI	
Hydrogen applications		SAFRAN	SDF <small>شركة سدق للتحلية</small>	motus <small>ventures</small>	

The Company has invested in a range of private hydrogen businesses across the value chain. Early-stage businesses, such as Cranfield Aerospace and HiiROC, are developing high quality intellectual property and investing in demonstrator facilities, ahead of full roll-out of commercial solutions. Mid stage companies, for example Bramble, are commencing commercial sale of their technology and products, and typically have single digit millions of pounds of revenues, and negative EBITDA. Growth businesses are fundamentally larger and more developed, with investment in order to build industrial scale factories and world-wide customer bases for their products, with a clear visibility to positive EBITDA. Whilst these growth businesses are best placed for IPO into public markets in the coming years, which would mark an exit for the Company, the Company also expects to be able to exit from earlier stage businesses through trade sales, to industrial strategic investors.

## Growing value for investors



	% of invested portfolio (31 Dec 23)	Activity	Investments	2022-23 revenue growth (%)
Early stage	33%	<ul style="list-style-type: none"> <li>IP demonstrators</li> <li>Project developers</li> </ul>	Cranfield HiiROC HH2E Gen2 Energy NanoSUN	+76%
Mid stage	10%	<ul style="list-style-type: none"> <li>Manufacturing roll-out</li> <li>Production project delineation</li> </ul>	Thierbach Bramble	>+1,000%
Growth	55%	<ul style="list-style-type: none"> <li>Significant capacity growth</li> <li>Industrial scale and EBITDA</li> </ul>	Elcogen Sunfire Strohm	+119%
				<b>2023: £74m</b> <b>(+125% vs 2022)</b>

# Portfolio review, performance and valuation

## 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 31 December 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.

Private Hydrogen Assets at 31 December 2023 have been valued using either the discounted cash flow ('DCF') methodology, the value of the loan principal plus accrued interest for loans to Project Development companies or a scenario based valuation incorporating DCF, indicative

offers and net asset values consistent with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. The valuations are also benchmarked against listed peer group valuations.

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 are updated for all Private Hydrogen Assets on a quarterly basis and approved by the AIFM, the Valuation Committee and the Board, and are audited annually by the Company's auditor, KPMG.

## Valuation basis and performance since investment



Valuation basis	At investment	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Sunfire GmbH investment (Supply Chain)	PORI	PORI	PORI	PORI	PORI/DCF	PORI/DCF	PORI/DCF	DCF	DCF	DCF
Elcogen Plc investment (Supply Chain)	PORI			PORI	PORI	PORI/DCF	PORI/DCF	DCF	DCF	DCF
Strohm Holding B.V. investment (Storage & Distribution)	PORI				PORI	PORI/DCF	PORI/DCF	PORI/DCF	DCF	DCF
HiROC Limited investment (Supply Chain)	PORI	PORI	PORI/DCF	PORI/DCF	PORI/DCF	DCF	DCF	DCF	DCF	DCF
Cranfield Aerospace Solutions Ltd (Hydrogen Applications)	PORI			PORI	PORI/DCF	PORI/DCF	PORI/DCF	DCF	DCF	DCF
Bramble Energy Limited (Supply Chain)	PORI	PORI	PORI	PORI/DCF	PORI/DCF	PORI/DCF	DCF	DCF	DCF	DCF
HH2E (TopCo) (Hydrogen Production)	PORI			PORI	PORI	PORI/DCF	PORI/DCF	DCF	DCF	DCF
NanoSUN Limited (Storage & Distribution)	PORI	PORI	PORI	PORI/DCF	PORI/DCF	PORI/DCF	DCF	DCF	DCF	DCF/Indicative Offers/Net Assets
Gen2 Energy (Hydrogen Production)	PORI			PORI	PORI	PORI/DCF	PORI/DCF	DCF	DCF	DCF
HH2E Thierbach Project (Hydrogen Production)	PORI						At cost	At cost	At cost	At cost + accrued interest

Valuation movement	At investment	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Sunfire GmbH investment (Supply Chain)	-	-	-	↑	↑	↓	↑	↑	↓	↑
Elcogen Plc investment (Supply Chain)	-	-	-	↑	↑	↓	↑	↑	↑	↑
Strohm Holding B.V. investment (Storage & Distribution)	-	-	-	-	↑	↑	↑	↑	↑	-
HiROC Limited investment (Supply Chain)	-	-	↑	↑	↓	↑	↓	↓	↑	↑
Cranfield Aerospace Solutions Ltd (Hydrogen Applications)	-	-	-	-	↓	↑	↑	↑	↑	-
Bramble Energy Limited (Supply Chain)	-	-	-	↑	-	↓	↓	-	-	↑
HH2E (TopCo) (Hydrogen Production)	-	-	-	↑	↑	↓	↓	↓	-	↑
NanoSUN Limited (Storage & Distribution)	-	-	-	↑	↑	↓	↑	↓	↑	↓
Gen2 Energy (Hydrogen Production)	-	-	-	↓	↓	↑	↑	↓	-	↑
HH2E Thierbach Project (Hydrogen Production)	-	-	-	-	-	-	-	↑	-	↑

## Valuation movements since investment



Company performance	At investment	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Sunfire GmbH investment (Supply Chain)	-	-	-	-	↓	-	↓	-	↓	-
Elcogen Plc investment (Supply Chain)	-	-	-	-	↓	↓	↓	↑	↓	↑
Strohm Holding B.V. investment (Storage & Distribution)	-	-	-	-	-	↑	↓	↓	↓	↑
HiROC Limited investment (Supply Chain)	-	-	↑	↓	↑	↓	↓	↓	↑	↑
Cranfield Aerospace Solutions Ltd (Hydrogen Applications)	-	-	-	-	↑	↑	↑	↑	↓	↓
Bramble Energy Limited (Supply Chain)	-	-	-	↑	↓	↓	↓	↓	-	↑
HH2E (TopCo) (Hydrogen Production)	-	-	-	↑	↑	↓	↓	↑	-	↑
NanoSUN Limited (Storage & Distribution)	-	-	-	↑	↓	-	-	-	↑	↓
Gen2 Energy (Hydrogen Production)	-	-	-	-	↓	↓	↑	↓	↑	↑
HH2E Thierbach Project (Hydrogen Production)	-	-	-	-	-	-	-	-	-	-

Macroeconomics	At investment	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Sunfire GmbH investment (Supply Chain)	-	-	-	↑	↑	↓	↓	↓	-	↑
Elcogen Plc investment (Supply Chain)	-	-	-	↑	↑	↓	↑	↓	-	↑
Strohm Holding B.V. investment (Storage & Distribution)	-	-	-	-	↑	↓	↑	↓	↑	↓
HiROC Limited investment (Supply Chain)	-	-	-	↑	↓	↑	↓	↓	↑	↑
Cranfield Aerospace Solutions Ltd (Hydrogen Applications)	-	-	-	-	↓	↑	↓	↓	↑	↓
Bramble Energy Limited (Supply Chain)	-	-	-	↑	↓	↑	↑	↓	↑	↑
HH2E (TopCo) (Hydrogen Production)	-	-	-	↑	↑	↓	↓	↓	↑	↓
NanoSUN Limited (Storage & Distribution)	-	-	-	↑	↓	↑	↑	↓	↑	↓
Gen2 Energy (Hydrogen Production)	-	-	-	↓	↓	↑	↑	-	↓	↓
HH2E Thierbach Project (Hydrogen Production)	-	-	-	-	-	-	-	-	-	-

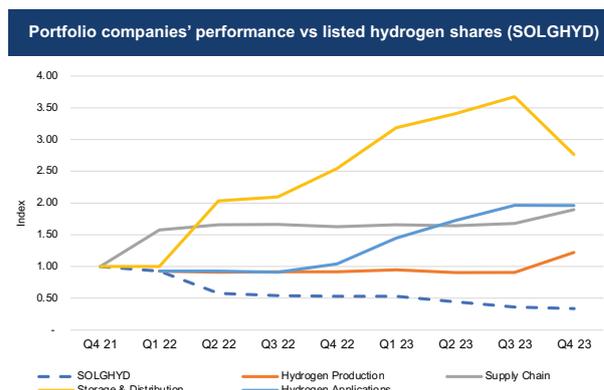
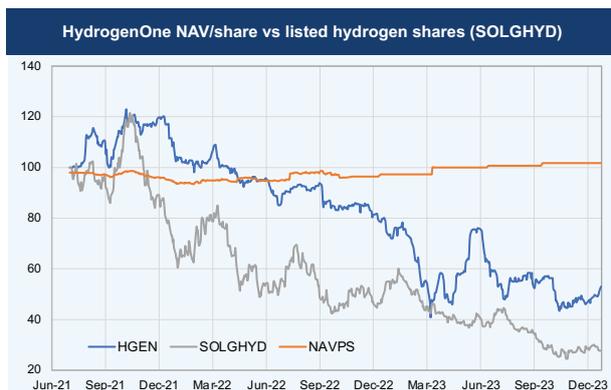
Company performance valuation movements reflect internal factors including actual and budgeted/forecast financial performance. Macroeconomic valuation movements reflect external factors including inflation, discount rates and FX rates.

Discount rates are calculated using market parameters for each investment domicile. The weighted average discount rate for 31 December 2023 was 14.2 % compared with 13.0% at December 2022.

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 share prices of the listed portfolio companies and higher discount rates. The share prices of listed hydrogen companies, which we track with the Solactive Hydrogen Economy Index ("SOLGHYD"), 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. In 2021-22, the Company assessed that many listed hydrogen companies were trading on higher valuations than its private portfolio companies, based on forward multiples of revenues. At the end of 2023, the revenue multiples of the listed hydrogen sector and the Company's private portfolio had converged, as the listed hydrogen sector had de-rated.

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



- Listed hydrogen company valuations have decreased in 2022-23, whereas HGEN NAV has been steady, reflecting our consistent valuation methodology
- Forward revenue multiple of c. 9.8X (2025E) in private portfolio is in line with listed hydrogen companies

### 2023 Performance and 2024 outlook

NAV per share increased by 5.8% from 31 December 2022 to 31 December 2023 (97.31p to 102.99p), with NAV growing from £125.4 million to £132.7 million over the period.

The NAV increase was driven primarily by valuation uplifts in nine private companies, positively contributing 10.8 pence per share. The main factors behind this growth were roll-forward of discounted cash flow ("DCF") valuations, and improving financial performance from the portfolio companies. Discount rates had a negative impact on valuation in 2023. The portfolio weighted average discount rate at 31 December 2023 was 14.2%, higher than 31 December 2022 (13.0%), decreasing NAV by 6.7 pence per share, or £8.6 million.

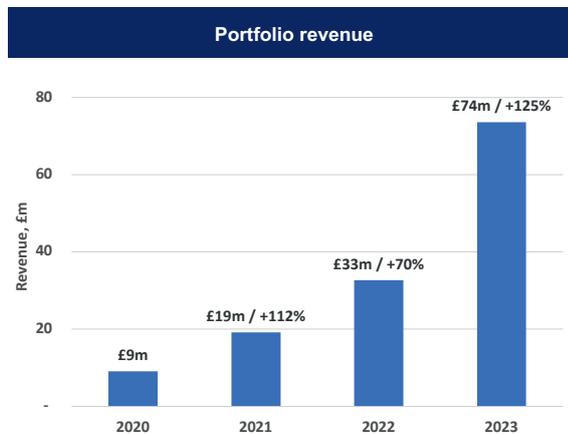
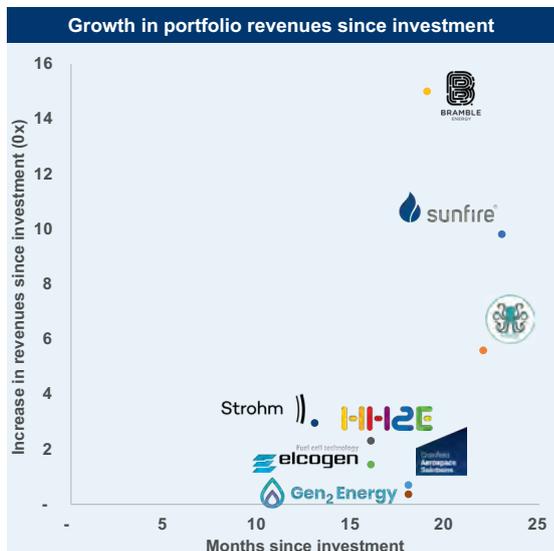
# Portfolio review, performance and valuation

## Portfolio valuation changes 2022-23



During the 12 months to 31 December 2023, private portfolio companies delivered an aggregate unaudited £74 million in revenue, a 125% increase compared to the year ended 31 December 2022, on a pro-forma basis. Seven of the ten private companies are revenue generating. Thierbach and Gen<sub>2</sub> Energy are project developers that are inherently pre-revenue businesses ahead of the start-up of green hydrogen production, and HiiROC is expected to commence revenue generation from its thermal plasma electrolyzer business from 2024. These positive financial trends reflect the build out of capacity to meet strong order books for hydrogen supply chain equipment.

## The portfolio is revenue generating and has produced consistent growth



- 8 private companies are revenue-generating
- 2023 revenue growth +125% to £74m

Revenue 100% basis for private portfolio companies

Investments in 2023 totalled £10.6 million in 5 existing portfolio companies, as well as one new position, the Thierbach Project, a green hydrogen development in Germany, which is being managed by portfolio company HH2E.

Cash and cash equivalents were £4.6 million, with additionally £2.3 million of listed hydrogen companies at the end of the year.

We continue to see strong investment interest from industrial strategic investors in portfolio companies and the hydrogen industry at large in 2023, and note that Cemex and HD Hyundai invested in HydrogenOne businesses during the year, which underpin the investment cases and bring strategic partnerships to the businesses.

The UK Government continues to support the development of clean hydrogen supply, yet has elected to slow the pace of fossil fuel phase out in transport, which has reduced the pace of deployment of clean hydrogen in the UK into transport. In light of this development, and weak financial markets, we have restructured NanoSUN and relaunched in early 2024 as Swift Hydrogen, which has a lower cost base and simplified capital structure, for renewed growth in the business, with customers in the EU in the near term. The December 2023 valuation for NanoSUN reflects a scenarios based analysis of potential outcomes for the business that existed as of the valuation date, resulting in a reduction in the value for NanoSUN compared to 31 December 2022. The restructuring of NanoSUN was completed in February 2024, and will be reported in the unaudited first quarter 2024 results.

At 31 December 2023, the Company has invested in ten private investments, in the UK and Europe, representing 98.2% of its invested portfolio by value. Additional investment in strategic, global hydrogen equities represented 1.8% of the invested portfolio.

The Investment Adviser expects to exit from the majority of the Company's listed hydrogen investments during 2024, as we implement the strategy to focus on private investments over time. As the Company enters its third full year of trading, following its 2021 IPO, the Investment Adviser is engaging with portfolio companies for full or partial exits from the private portfolio. Several portfolio companies have engaged investment banks for this purpose.

The portfolio continues to perform in line with the expectations of the Investment Adviser, HydrogenOne Capital LLP, despite the challenging conditions in private equity fundraising currently.

# Portfolio review, performance and valuation

## Our portfolio



Sunfire GmbH		www.sunfire.de
A German industrial electrolyzer producer, which offers both pressure alkaline (AEL) and solid oxide electrolyzers (SOEC).		
Total investment value	£27.0m	
% of NAV	20.4%	
Change in NAV in 2023	£5.2 m	
Date of investment	October 2021	
Co-investors	Planet First Partners, Lightrock, SMS, Neste, Copenhagen Infrastructure Partners, GIC, Carbon Direct Capital Management, Blue Earth Capital, Amazon Climate Pledge Fund	
Why we invested	<ul style="list-style-type: none"> <li>• Industry-leading electrolyzer manufacturer, investing for growth and technology development.</li> <li>• Material alkaline and solid oxide business, with revenues from a growing international customer base in the global industrial electrolyzer market.</li> <li>• Strong product credentials backed by existing customer base and generated by high quality in-house engineering and product design.</li> <li>• 500MW / annum electrolyzer production site in EU – with a further extension to gigawatt-scale already in planning.</li> </ul>	
Company strategy for value creation	<p>Committed to its mission "Electrolysis. Delivered. At Scale.", Sunfire targets installing several gigawatts of electrolysis equipment by 2030 securing a leading position in the fast-growing global electrolyzer market. The company is serving large-scale green hydrogen projects with pressurized alkaline (AEL) and solid oxide electrolyzers ("SOEC"). With this unique product portfolio and a strong commitment to reliable execution and scaling with best-in-class partners, Sunfire focuses on enabling efficient green hydrogen production at competitive costs across different industrial applications – and thus, making a significant contribution to generating green industrial growth and prosperity.</p>	
Company ESG strategy	<p>Sunfire enables industrial clients to decarbonise. The electrolyzers the company manufactures substantially contribute to avoiding greenhouse gas emissions by producing renewable hydrogen. With that, Sunfire's electrolysis technologies propel the energy transition in hard-to-abate sectors.</p> <p>Furthermore, Sunfire strives to reduce its own carbon footprint, e.g., by increasing energy efficiency and sourcing green energy. In 2023 the company officially launched the series production of core electrolyzer components at its site in Solingen where the company invested EUR 30 million in scaling up an energy-efficient production capacity. Also, Sunfire procured about 1.7 gigawatt hours of certified renewable electricity.</p>	

Milestones delivered in 2023

- Sunfire made significant progress in 2023 with its projects, totalling 190 MW Pressurized Alkaline + 250 KW SOEC.
- Sunfire started the construction of its €30 million Research and Development centre at Dresden, Germany, including prototype testing and manufacturing facilities.
- The GET H2 TransHyDE joint project, based in Lingen achieved first hydrogen production, on the site of the RWE gas-fired power plant in Emsland (KEM) using a high-temperature 250 KW SOEC from Sunfire.
- Secured a contract to supply a 100 MW pressurized alkaline electrolyzer to a European refinery.
- Sunfire received a €169 million grant from IPCEI to support its growth plans. Sunfire is investing in total around €400 million to establish industrial series production of its technologies, and validating them in Saxony and North Rhine-Westphalia, aiming for GW scale over time.
- Sunfire launched a new serial production facility in Solingen, Germany with investment of €30m at the facility.
- Sunfire increased headcount by 30% across all locations, particularly in R&D and industrialization.

Company Overview

Strategic Report

Governance

Financial statements

Other information

# Portfolio review, performance and valuation

## Our portfolio



Elcogen plc		www.elcogen.com
<b>Fuel cell and electrolyzer manufacturer with presence in Estonia and Finland</b>		
Total investment value	£24.4m	
% of NAV	18.4%	
Change in NAV in 2023	£4.0 m	
Date of investment	May 2022	
Co-investors	<ul style="list-style-type: none"> <li>• Biofuel OÜ, VNTM Powerfund II, HD Hyundai Group, Baker Hughes</li> </ul>	
Why invested	<ul style="list-style-type: none"> <li>• Industry-leading innovator and supplier of solid oxide cells and stacks, with manufacturing facilities in Finland and Estonia, ready for expansion.</li> <li>• High end offering based on advanced solid oxide ("SO") technology with low operating temperatures and superior economics.</li> <li>• Developed a reversible ceramic technology that converts hydrogen into emission-free electricity and vice versa.</li> <li>• Over 10-year track record.</li> <li>• Over 60 established industrial customers worldwide.</li> </ul>	
Company strategy for value creation	<p>Elcogen believes in a future fuelled by green hydrogen and its ambition is to become a leading global supplier of the underlying technology that can make this future happen. This will be achieved through continued development of the Group's solid oxide fuel cells ("SOFC") and SOEC technology platform and manufacturing products at the lowest cost possible by securing the economies of scale that come with volume production.</p> <p>The Group will fund development costs, increased production and corporate infrastructure through increasing its revenue base, growing its list of customers and continuing to attract strategic investors, which provide both revenue opportunities as well as growth capital.</p>	
Company ESG strategy	<p>Elcogen supplies the core technology that sits at the heart of energy security and the transition away from fossil fuels.</p> <p>The Group is committed to delivering the world's most efficient technology for the production and use of green hydrogen, providing customers with affordable energy solutions to meet net zero targets. Green hydrogen is promised to decarbonise hard-to-abate sectors and provide a clear pathway away from fossil fuel reliance.</p> <p>Elcogen is committed to ensuring it makes a positive contribution to the environment and society, and being sustainable means adopting best practices that are filtered throughout all layers of the Group.</p>	

## Milestones delivered in 2023

- Korea Shipbuilding & Offshore Engineering, a member of HD Hyundai Group, invested €45m in Elcogen. This investment will be used to expand Elcogen's manufacturing capacity, with a new factory facility in Tallinn, Estonia, where preparations for construction have now commenced, to add capacity of up to 360MW, with 100MW capacity planned for Phase 1. HD Hyundai and Elcogen intend to further strengthen their collaboration with a focus on marine propulsion systems and stationary power generation, based on Elcogen's proprietary solid oxide fuel cell technology, with the intent to manufacture products in South Korea.
- Elcogen signed Memorandum of Understanding ("MOU") with Bumhan Fuel Cell Co, a South Korean company ("Bumhan"). The purpose of the partnership is to cooperate towards the commercialisation of SOFC and SOEC technology to catalyse the global transition to clean energy.
- The company signed a supply and R&D collaboration agreement with the French company Genvia. The contract helps to further collaborate with the goal to accelerate the production of affordable green hydrogen in the EU, under the Important Project of Common European Interest.
- Elcogen was awarded funding from IPCEI for a €25.4 million project to accelerate the deployment of its solid oxide technology, to enable affordable green hydrogen production in Europe.

# Portfolio review, performance and valuation

## Our portfolio



HiiROC Limited		www.hiiroc.com
<b>UK-based thermal plasma electrolysis developer, with world-leading (IP-protected) technology for low-cost, zero-emission hydrogen, also enabling flare/waste gas mitigation and CO2 capture using biomethane.</b>		
Total investment value	£13.7m	
% of NAV	10.3%	
Change in NAV in 2023	£0.8m	
Date of investment	November 2021	
Co-investors	Melrose Industries (GKN Aerospace), Centrica, Hyundai, Kia, Wintershall Dea, VNG, CEMEX	
Why invested	<ul style="list-style-type: none"> <li>• Proprietary technology to convert natural gas, flare gas and biomethane into hydrogen and solid carbon black.</li> <li>• Multiple applications across all sectors of hydrogen use from blending in natural gas grids to industrial decarbonisation to transport.</li> <li>• Opportunity to support methane reduction targets through the global imperative to halt gas flaring and venting.</li> <li>• Industrial off-takers of the product such as Centrica, Hyundai and CEMEX also on the shareholder register.</li> <li>• Highly scalable modular solution, producing 400kg / day of hydrogen from a single unit through to large plants capable of 100's of tonnes / day of hydrogen, alongside carbon black.</li> </ul>	
Company strategy for value creation	<p>HiiROC is focused on addressing customer challenges – decarbonising production of hydrogen and carbon black and reducing atmospheric GHGs through mitigation and capture.</p> <p>To do this, HiiROC is working with customers to meet their specific needs for hydrogen and carbon black rather than building capacity without offtake. Having demonstrated the versatility of Thermal Plasma Electrolysis (TPE) across a number of use cases and feedstocks in 2023, we are moving to the roll out of production plants in the UK and, to follow, in the USA and MENA.</p>	
Company ESG strategy	<p>HiiROC can help accelerate the transition to Net Zero through the deployment of its technology at scale. HiiROC expects to make its most significant contributions to SDGs 7 (Affordable &amp; Clean Energy), 9 (Industry, Innovation &amp; Infrastructure) and 11 (Sustainable Cities &amp; Communities). In due course, these will be reported-on along with other sustainability performance data, in-line with our Net Zero ambitions.</p>	
Milestones delivered in 2023	<ul style="list-style-type: none"> <li>• Installed pilot units on client site during 2023, demonstrating technology, and testing use cases in 2024, including decarbonising gas flares and biomethane conversion.</li> <li>• Hosted Lord Callanan, UK Minister for Energy Efficiency and Green Finance, at our Hull headquarters, where he had the opportunity to meet the team and learn about TPE, and then at our Brigg site, make hydrogen, first-hand.</li> <li>• HiiROC's technology was officially included within the scope of the UK Government's Low Carbon Hydrogen Standard (LCHS), opening up the UK market for HiiROC and laying the groundwork for similar discussions with the US Department of Energy.</li> <li>• CEMEX announced plans to decarbonise its Rugby cement kiln using HiiROC's technology and completed an increase of its shareholding.</li> </ul>	



NanoSUN Limited		www.nanosun.co.uk
UK-based developer of hydrogen distribution and mobile refueling equipment		
Total investment value	£5.4m	
% of NAV	4.1%	
Change in NAV in 2023	(£6.1m)	
Date of investment	December 2021	
Co-investors	Westfalen Group	
Why invested	<ul style="list-style-type: none"> <li>• NanoSUN technology allows for shipping of clean hydrogen from production sites to customers, both cheaply and safely.</li> <li>• Provides flexible and low-cost connection between hydrogen customers such as truck stops, and concentrated hydrogen supply sources.</li> <li>• Flat-bed solution with 60% lower cost than alternative systems.</li> <li>• Accelerating large-scale roll out of fleets of hydrogen buses, trucks, vans and forklifts.</li> <li>• High quality order book with clients such as Westfalen, and Octopus Hydrogen.</li> </ul>	
Company strategy for value creation	<p>Continued manufacture and delivery of Pioneer units, 11 units completed in 2023. Close collaboration with end users supporting field equipment, generating data and learning from real world applications. To be used for continuous improvement and future product development. Development of after-market offering, including annual service contracts signed with end users.</p> <p>Initial stages of development for a data services offering.</p>	
Company ESG strategy	<p>NanoSUN participated in the European Innovation Council and European Institute of Innovation and Technology (EIC-EIT Climate) Race to net Zero, which helped us assess the climate impact of our products by validating our lifecycle assessment. This demonstrated that every Pioneer fill saves 4.2-5.8 tCO<sub>2</sub>e and just 10-13 Pioneer fills is required to offset the emissions generated during manufacture.</p>	
Milestones delivered in 2023	<ul style="list-style-type: none"> <li>• NanoSUN and IIT Hydrogen Bolzano signed an MOU to jointly explore the operational use of NanoSUN's Pioneer hydrogen refuelling equipment across a range of hydrogen applications in Italy, which could lead to the rapid deployment of safe, reliable, and cost-effective hydrogen refuelling infrastructure.</li> <li>• Westfalen and NanoSUN have deployed 4 Pioneer Hydrogen Refuelling Stations in German city Brühl, in the Cologne area, to fuel 6 new Solaris Hydrogen City Buses. The filling station was developed in cooperation between Westfalen Group and NanoSUN. The system will avoid emissions of 393 tons of CO<sub>2</sub> and 0.55 tons of NO<sub>x</sub> per year. Filling a fuel cell bus with the Pioneer system less than 20 minutes.</li> </ul>	

# Portfolio review, performance and valuation

## Our portfolio



<b>Strohm Holding B.V</b>		<a href="http://www.strohm.eu">www.strohm.eu</a>
<b>The Netherlands-based hydrogen pipeline company</b>		
<b>Total investment value</b>	£19.7m	
<b>% of NAV</b>	14.9%	
<b>Change in NAV in 2023</b>	£8.1m	
<b>Date of investment</b>	August & December 2022	
<b>Co-investors</b>	Shell Ventures, Chevron Technology Ventures, Evonik Venture Capital, ING Corporate Investments	
<b>Why invested</b>	<ul style="list-style-type: none"> <li>• Industry leaders in offshore hydrogen and CO2 pipelines, where we see significant market growth.</li> <li>• Thermoplastic composite pipe ("TCP") has c.50% less greenhouse gas emissions than metal. Can transfer up to nine times the amount of hydrogen energy compared to a cable.</li> <li>• TCP's flexibility, lack of corrosion, fatigue and embrittlement make it the superior pipeline solution for offshore wind farms, generating hydrogen.</li> </ul>	
<b>Company strategy for value creation</b>	<p>The Strategy for Strohm is to enable the energy transition through proven high end composite pipe technology. Strohm develops its technology on the basis of being able to be used in both conventional energy applications, as well as in renewable energy applications. This includes development, qualification, and building up track record.</p> <p>The company invests in product development and qualifications for renewable energy applications including hydrogen, CO2 transport, ammonia transport, and similar applications. Strohm does this by fully building on the qualifications we already have. Today we already have the first offshore hydrogen pipeline contract, and the first client qualifications for hydrogen transport. Strohm invests in pilots for hydrogen and for CCS.</p> <p>Strohm has unique benefits for both hydrogen and for CCS applications, in the key attributes of our technology, the total lack of corrosion, of embrittlement, of fatigue. These provide fundamental solutions to support the transition. Once the market grows for these renewable energy applications, we will be ready to support the growth by having a) a high Technology Readiness Level ("TRL") product and b) fully de-risked and scaled production capacity.</p>	
<b>Company ESG strategy</b>	<p>Strohm is proud to be a Climate Neutral Certified organisation, as certified according to the Climate Neutral Certification Standard from the Climate Neutral Group (CNG). Strohm achieved compliance to the CNG standard to become a recognised Climate Neutral Organisation in 2020 by implementing an ESG strategy featuring key CO2 reduction initiatives, including an accredited offsetting programme. Through these efforts, Strohm are making significant progress towards achieving their next goal, to reduce our products CO2 footprint from a product life cycle point of view and invest in product development to support the energy transition. Strohm do this across the parameters of a) reducing the CO2 footprint of pipelines, b) enabling the transition from fossil fuel to green energy, and c) reducing the CO2 footprint of their own products.</p>	

## Milestones delivered in 2023

- Strohm became the first company to receive DNV qualification for deepwater TCP Flowline. Initial trials began in Brazil in 2018, aimed at applications typical of the region's post-salt deep water fields. Almost 40 tests were carried out on Strohm's subsea flowlines, based on a product design life of 30 years, with changing loads at different temperatures.
- TCP offers significant greenhouse gas emissions savings compared to traditional solutions, and has significant growth prospects in transporting offshore hydrogen and CO2.
- Strohm successfully installed its first deep-water / high pressure TCP jumper in Guyana at water depths of 1,700m.
- The company was selected as partner for the Hydrogen Offshore Production for Europe ("HOPE") project. HOPE is an important milestone in the industry trend to produce green hydrogen in the offshore. The project is planned to be 10MW (4 tonnes of hydrogen per day), installed off the port of Ostend, in Belgium. The project has been selected by the European Clean Hydrogen Partnership, under which it has been awarded a EUR20 million grant. HOPE is being coordinated by Lhyfe, and implemented by eight European partners: Alfa Laval, Plug Netherland, Strohm, EDP NEW, ERM, CEA, POM-West-Vlaanderen and DWR eco.
- Strohm, alongside BW Offshore, Switch2, MARIN and TU Delft, have received a EUR3 million grant from the Dutch government for project OFFSET – an industrial scale floating green hydrogen and ammonia project, based on the proven concept of a floating production and offloading vessel ("FPSO"). The objective of the OFFSET project will be to demonstrate a decrease in the cost of green fuel production and thereby increase its accessibility.
- Strohm was awarded a contract by PRIO (formerly known as PetroRio) to provide its composite pipe solutions to support operations at its Frade field, in Brazil.
- Strohm delivered a major milestone by completing its plant expansion in the Netherlands. The new facility can produce some 140km of TCP pipeline per year, a three-times increase on previous levels.
- 200% increase in revenue year-over-year and positive EBITDA achieved in Q4 2023 for the first time.

# Portfolio review, performance and valuation

## Our portfolio



Bramble Energy Limited		www.brambleenergy.com
UK-based fuel cell and portable power solutions company		
Total investment value	£10.6m	
% of NAV	8.0%	
Change in NAV in 2023	£0.6m	
Date of investment	February 2022	
Co-investors	IP Group, BGF, Parkwalk, UCL Technology Fund	
Why invested	<ul style="list-style-type: none"> <li>• Pioneering revolutionary fuel cell design and manufacturing techniques.</li> <li>• Novel printed circuit board design PCBFC™ - low cost, scalable and recyclable fuel cell modules.</li> <li>• Leading global automotive businesses working closely with Bramble to scale up product offering.</li> <li>• Developing high-power density, mobility fuel cell systems.</li> </ul>	
Company strategy for value creation	Bramble has developed the world's lowest cost fuel cell, suitable for every application. It is manufacturable globally without capex, in existing third-party facilities. Simplified stacks, means simplified systems, and that means lower cost all round. Joint development agreements will lead to technology licence agreements and royalties.	
Company ESG strategy	<p>Bramble Energy conducts its business activities in a way that ensures, as far as practicable, that the environmental impacts of its operations are positive, and any negative impact is mitigated. Bramble Energy has made the SME Climate Commitment which recognises that climate change poses a threat to the economy, nature and society-at-large, the company commits to take action immediately in order to achieve and surpass:</p> <ul style="list-style-type: none"> <li>• Halving our greenhouse gas emissions before 2030.</li> <li>• Achieving net zero emissions before 2040.</li> <li>• Disclosing our progress on a yearly basis.</li> </ul>	

Milestones delivered in 2023

- Bramble Energy and EDAG Group have signed an MOU to collaborate on a digital investigation into using a hydrogen Printed Circuit Board Fuel Cell (PCBFC™) within a standardized EV platform. The project, named 'FC-STORM', aims to create and showcase a design study of the 3D integration of Bramble's cutting-edge hydrogen fuel cell system into EDAG's storage platform designed for passenger vehicles and light commercial vehicles.
- Bramble Energy won The Gateley Business Transformation of the Year Award 2023 and was also announced in the Deloitte UK Fast 50, one of the UK's foremost technology awards programmes.
- The company announced the opening of its new state-of-the-art headquarters in Crawley, West Sussex. The expansive new facility, which includes a world-leading hydrogen innovation and development hub, and builds on the company's strong growth since launching in 2016.
- Bramble Energy has secured £12 million UK Government funding to provide fuel cell technology to hydrogen buses. Bramble Energy's innovative, low-cost printed circuit board fuel cell ("PCBFC") technology will power an all-new hydrogen double-decker bus, which will be developed in conjunction with Equipmake, Aeristech and the University of Bath.

Company Overview

Strategic Report

Governance

Financial statements

Other information

# Portfolio review, performance and valuation

## Our portfolio



<b>Cranfield Aerospace Solutions Limited</b>		<a href="http://www.cranfieldaerospace.com">www.cranfieldaerospace.com</a>
<b>UK-based passenger flight innovator, powering turboprop flight with hydrogen</b>		
<b>Total investment value</b>	£11.9m	
<b>% of NAV</b>	8.9%	
<b>Change in NAV in 2023</b>	£5.6m	
<b>Date of investment</b>	March 2022, January 2023	
<b>Co-investors</b>	<ul style="list-style-type: none"> <li>• Safran Ventures, Tawazun Strategic Development Fund, Motus Ventures</li> </ul>	
<b>Why invested</b>	<ul style="list-style-type: none"> <li>• Cranfield is a technology leader in delivering hydrogen powered turboprop flight.</li> <li>• Aerospace market leader in the design and manufacture of new aircraft design concepts, complex modifications to existing aircraft and integration of cutting-edge technologies.</li> <li>• Working on CAA certification of the Britten-Norman Islander passenger aircraft using hydrogen powered fuel cells supplying electricity to DC motors for rotational power.</li> </ul>	
<b>Company strategy for value creation</b>	<p>The company's mission is to deliver the world's first passenger carrying zero emission aircraft using H2 fuel cell propulsion.</p> <p>The strategy to achieve this is based on developing hydrogen fuel cell electrically driven powertrains in a modular fashion that can be fitted to a range of air vehicles. The powertrains will range in size from 125Kw through to 500kW enabling them to be used in small passenger aircraft, cargo drones and in auxiliary power units (APUs) for single and twin aisle aircraft.</p>	
<b>Company ESG strategy</b>	<p>The ESG strategy centers on sustainable practices, aiming for positive impact across all facets of our operations. Environmentally, Cranfield is committed to developing a zero emissions aircraft that will be a world first. More locally the company commits to reducing their carbon footprint, minimizing waste, and have launched cycle to work and EV car schemes. Socially, the company prioritize diversity, equity, and inclusion, promoting employee well-being and stakeholder engagement. Governance-wise, transparency, ethical decision-making, and accountability are paramount. Continuous monitoring and reporting ensure alignment with developing internal ESG standards. By integrating ESG principles into its business model, Cranfield strives to create long-term value for stakeholders, mitigate risks, and contribute to a resilient, responsible, and prosperous future.</p> <p>Developing a best practice approach to assessing and minimising the environmental impact of our supply base. To be embedded in our supplier assessment toolkit, the work on ESG will ensure compliance with requirements and disclosure standards, and help develop a resilient supply chain.</p>	

## Milestones delivered in 2023

- Cranfield and Reaction Engines signed an MOU to expand their existing collaboration to explore additional aerospace applications for their zero-emission propulsion technology.
- Memorandum Of Understanding signed with Dronamics to further progress the application of the company's hydrogen-electric propulsion system to the Dronamics Black Swan cargo drone aircraft. This agreement confirms the position of the company as the preferred supplier of HFC propulsion systems to Dronamics and includes a letter of intent for the supply of a substantial number of propulsion systems from 2026. This opens a new route to market for its hydrogen-electric propulsion system, alongside existing arrangements with Britten-Norman.
- The company unveiled its newly refurbished hangar and R&D facility for the development of zero emissions aircraft. The facility, leased by the company, has undergone major refurbishments as part of Cranfield University's decarbonisation plan, with significant investment into reducing the building's carbon footprint.
- Three-party agreement with MONTE Aircraft Leasing (MONTE) and Australian air charter company Torres Strait Air to convert up to ten Britten-Norman Islander aircraft to hydrogen-electric power.
- Cranfield has adjusted its strategy, and intends to deploy its innovative hydrogen flight technology across multiple platforms, and at the same time to develop further IP in hydrogen powered flight. The previously-announced plan to merge the company and Britten-Norman has been replaced with the intent to further strengthen the strategic co-operation between these two separate parties.
- In Q1 2023 HGEN invested £1.4m in the final tranche of a £14.4m round, totalling £2.9m, alongside Safran Corporate Ventures and the Strategic Development Fund.

# Portfolio review, performance and valuation

## Our portfolio



<b>HH2E AG</b>		<a href="http://www.hh2e.de">www.hh2e.de</a>
<b>German green hydrogen project developer with a focus on industrial customers</b>		
<b>Total investment value</b>	£7.0m	
<b>% of NAV</b>	5.2%	
<b>Change in NAV in 2023</b>	£1.9m	
<b>Date of investment</b>	May 2022	
<b>Co-investors</b>	Foresight Group LLP	
<b>Why invested</b>	<ul style="list-style-type: none"> <li>• A prominent leader in Germany focused on green hydrogen and battery storage project development.</li> <li>• HH2E has secured attractive German brownfield sites close to hydrogen offtake with grid connections capable of 1 GW capacity.</li> <li>• Provides HGEN with investment rights in multiple large-scale green hydrogen based decarbonisation projects.</li> <li>• The battery and alkaline electrolyzer combination enables near-constant production using the cheapest hours of renewable electricity supply.</li> </ul>	
<b>Company strategy for value creation</b>	<p>HH2E is at the vanguard of energy transition in Germany, aiming to become one of largest green hydrogen producers in the country.</p> <p>HH2E developed an innovative technology mix and a forward-thinking business strategy, to exploit the surplus of solar and wind energy sources to produce green hydrogen on a large scale, economically. This approach not only addresses the challenge of renewable energy curtailment by utilising excess capacity but also sets a benchmark for efficiency and sustainability in the industry.</p> <p>Backed by institutional investors, HH2E plans to develop several sites aiming for a 4 GW capacity by 2030. Upon completion, the ongoing Final Investment Decision process for the HH2E Lubmin project, which begins with an initial capacity of 100 MW and is scalable to 1 GW, will mark a significant advancement in enhancing green hydrogen production in Germany and Europe.</p>	
<b>Company ESG strategy</b>	<p>HH2E is committed to becoming a leader in the green energy sector with a robust ESG strategy that underpins its mission to drive sustainable energy transitions.</p> <p>Environmentally, HH2E is focused on reducing carbon emissions by maximising the potential of renewable energy sources for green hydrogen production, contributing to eliminate curtailment, and aiming for zero-waste operations.</p> <p>Socially, HH2E prioritise community engagement, ensuring their projects bring opportunities to areas undergoing structural changes, thereby creating new economic opportunities, fostering local employment, and adhering to the highest safety and health standards.</p> <p>Governance-wise, HH2E maintains transparent business practices, uphold ethical standards, and ensure compliance with regulatory requirements. Through these pillars, HH2E aspires to set industry benchmarks, contribute positively to societal change, and promote sustainable growth.</p>	

## Milestones delivered in 2023

- DHL Group, HH2E, and Sasol announced plans to collaborate for the production of sustainable aviation fuels in Germany, using HH2E-supplied green hydrogen, for an initial capacity of 200,000 tonnes per annum, with potential to scale up to 500,000 tonnes per annum.
- HH2E announced plans for a supply agreement for green hydrogen with Germany hydrogen refuelling leader H2 Mobility, aimed at the transport sector.
- HH2E has placed an order with BASF Stationary Energy Storage GmbH (BSES) for 93 MWh of high-capacity Sodium Sulphur batteries.
- HH2E secured funding for Lubmin FEED and Thierbach PID. HGEN committed £2.5m (EUR 2.8m) for Thierbach alongside other institutional investors and HH2E for engineering and commercial works.
- HH2E agreed to purchase of 120MW of alkaline electrolyzer equipment from NEL ASA.
- Addition of over 25 specialists in crucial areas such as technology, project management, energy procurement, sales, and finance, significantly strengthening and doubling our team.
- Key equipment purchases and reservations were made to ensure timely site setup, including electrolyzers, high-capacity batteries, and high-voltage components from leading suppliers like Nel Hydrogen, BASF, and Siemens Energy.
- HH2E secured multiple pivotal agreements covering power procurement, hydrogen distribution, and offtake arrangements, alongside forming strategic alliances with notable entities such as 50hertz, Gascade, DHL, and H2 Mobility, marking significant strides in our operational and strategic development.

# Portfolio review, performance and valuation

## Our portfolio



Gen2 Energy		www.gen2energy.com
Norwegian green hydrogen project developer		
Total investment value	£4.4m	
% of NAV	3.3%	
Change in NAV in 2023	£1.0m	
Date of investment	March 2022	
Co-investors	HyCap, Vitol, Hoegh LNG, Knutsen Group	
Why invested	<ul style="list-style-type: none"> <li>• The leading Norwegian green hydrogen project developer, with clear plans to convert low-cost hydroelectric power to hydrogen, for export and domestic use.</li> <li>• Up to 925MW green hydrogen projects in Norway, with expected production in 2026-2027.</li> <li>• Specialist in low-cost 24/7 hydroelectric power.</li> <li>• Co invested with Norwegian LNG and ship operators that provides input to the Gen2 hydrogen export solution.</li> <li>• HGEN has follow-on investment rights in multiple project SPVs.</li> </ul>	
Company strategy for value creation	<p>Gen2 Energy is set up to develop, build, own and operate production facilities for green hydrogen and hydrogen derivatives, and to ensure an efficient distribution of these products. The company aims to establish production capacity at large-scale based on 100% renewable energy, and the long-term target is to have an aggregate capacity of 1GW in production by 2030. Gen2 Energy believes that the technology, means of transport and market demand for various green hydrogen derivatives will develop over time and has an opportunistic approach to selecting solutions that optimise the relationship between high value, low risk and low carbon emissions.</p>	
Company ESG strategy	<p>By utilizing Norwegian renewable electricity for hydrogen production, Gen2 Energy ensures future-proof business cases for its projects. The company's long-term ambition is to be a net-zero company, and in order to reduce the carbon footprint for the whole value chain from production to end-user, Gen2 Energy strives to be at the forefront of selecting available technology with no/low carbon footprint. Gen2 Energy is of the view that zero-emission solutions in most cases go hand in hand with high value. In 2023, the company obtained pre-certification that the output from the company's initial Nesbruket project RFNBO compliant under RED II/DA.</p>	
Milestones delivered in 2023	<ul style="list-style-type: none"> <li>• Gen2 Energy and Securing Energy for Europe (SEFE) signed a Transaction Term Sheet for the delivery of green hydrogen from Norway to Germany.</li> <li>• Post year end, Gen2 Energy and Norsk e-Fuel signed agreement on green hydrogen supply for the production of sustainable aviation fuels.</li> <li>• Entered agreement with Port of Helgeland on planning and design of a new quay.</li> <li>• Provaris Energy collaboration agreement for marine storage and shipping solutions.</li> <li>• Detailed zoning plan for Gen2 Energy's 100MW hydrogen facility in Mosjøen approved.</li> <li>• Signed agreement with Åfjord municipality for large-scale production and shipping of green hydrogen.</li> </ul>	

## Thierbach

Thierbach project		www.hh2e.de
<b>Green hydrogen production project in Germany</b>		
Total investment value	£2.0m	
% of NAV	15%	
Date of investment	January 2023	
Change in NAV in 2023	£2.0m	
Co-investors	Foresight Group LLP, HH2E	
Why invested	<ul style="list-style-type: none"> <li>• First direct project investment by the Company.</li> <li>• Large-scale green hydrogen production opportunity with leading players in the mobility sector, energy and industrial consumers as potential offtakers.</li> <li>• 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.</li> </ul>	
Company strategy for value creation	<p>Thierbach is a development project aimed at building an industrial-scale green hydrogen production facility. Its initial input capacity is projected to be 100 MW by 2025, with the ability to ramp up to over 1 GW by 2030.</p> <p>The plant will serve green hydrogen customers and offtakers, including leading players in the mobility sector, large-scale energy and industrial consumers such as the chemical industry and commercial air and road transport operators.</p>	
Company ESG strategy	<p>Thierbach adheres to HH2E's ESG strategy, which is committed to becoming a leader in the green energy sector with a robust ESG strategy that underpins its mission to drive sustainable energy transitions.</p> <p>The plant is projected to have the capacity to produce c.6,000 tonnes of green hydrogen per year, displacing fossil fuels and, therefore, avoiding harmful greenhouse gas emissions. Further expansion phases could increase production to more than 60,000 tonnes in the medium term, which could result in over 10 million tonnes of greenhouse gas emissions ("GHGs") avoided over the life of the project.</p>	
Milestones delivered in 2023	<ul style="list-style-type: none"> <li>• HH2E announced its second major green hydrogen production project in Germany, a 100MW facility at Thierbach. HGEN committed £2.5m (EUR 2.8m) alongside other institutional investors and HH2E for engineering and commercial works.</li> <li>• EUR 13m spend (HGEN EUR 2.8m) on Front End Engineering and Design (FEED), land purchase, key equipment.</li> <li>• FID planned for 2024 (Thierbach and Lubmin), subject to funding.</li> <li>• Phase 1 (100MW): c.6,000Htpa ~ 60,000tpa avoided GHGs (Thierbach).</li> </ul>	

### Listed Hydrogen Assets

The Company holds investments in 15 global hydrogen sector listed equities with an average market capitalisation of £270 million with minimum market capitalisation of £8 million. These companies are key players in the electrolysis, fuel cell and clean hydrogen projects sectors. The current portfolio is valued at £2.3m.

# Portfolio review, performance and valuation

## Our portfolio

### Analysis of financial results

The Financial Statements of the Company for the year ended 31 December 2023 are set out on pages 79 to 82.

#### Net assets

Net assets increased from £125.4 million at 31 December 2022 to £132.7 million at 31 December 2023. The increase in net assets was driven primarily by an increase in the value of the Private Hydrogen Assets, offset by the fall in global stocks generally and the hydrogen sector more specifically.

The net assets of £132.7 million comprise £128.2 million portfolio value of investments, including the holding in the HydrogenOne Partnership, and the Company's cash balances of £4.6 million, and other net liabilities of £0.1 million.

The Limited Partnership's net assets of £125.9 million comprise £126.2 million portfolio value of investments, cash balances of £0.1 million and liabilities of £0.4 million.

#### Cash

At 31 December 2023, the Company and the HydrogenOne Partnership (together the 'Group') had a total cash balance of £4.7 million (2022: £19.7 million), including £0.1 million in the Limited Partnership, which is included in the Company's balance sheet within 'investments held at fair value through profit or loss'.

#### Profit for year

The Company's total profit before tax for the year ended 31 December 2023 is £7.3 million (31 December 2022: £1.6 million), generating a return per Ordinary Share of 5.68 pence (31 December 2022: profits of 1.27 pence per share).

In the year to 31 December 2023, the gains on fair value of investments were £9.2 million (31 December 2022: £3.2 million).

The expenses included in the income statement for the year were £2.0 million, in line with expectations. These comprise £0.1 million Investment Adviser fees and £1.9 million operating expenses. The details on how the Investment Adviser fees are charged are as set out in note 6 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 year to 31 December 2023 was 2.56% (31 December 2022: 2.51%). 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 calculation is provided on page 110. The ongoing charges percentage has been calculated on the amalgamated basis and therefore takes into consideration the expenses of HydrogenOne Partnership as well as the Company.

# Environmental, Social and Governance ("ESG")



## ESG highlights:

HGEN is an SFDR Article 9 impact fund with a sustainable investment objective aligned with the climate change mitigation goal of the EU Taxonomy.

- Reported to the Principles of Responsible Investment for the first time and scored above median average for the peer group in each of the three reported modules, including: Policy, Governance and Strategy; Confidence Building Measures; and Direct Private Equity.
- Produced the Company's first standalone Sustainability Report for FY 23 aligned with the IFRS International Sustainability Standards Board as an early adopter.
- Undertook a physical climate risk assessment during the year incorporating scenario analysis from the International Panel on Climate Change's Shared Socioeconomic pathways.
- The Company's Board gender diversity remained 50%

## Our Impact:

### £113.7 million

Deployed in low-carbon growth;

### 91,116 tCO<sub>2</sub>e

Emissions avoided in FY 2023 and 141,695 tCO<sub>2</sub>e avoided since IPO;

### 571,294 MWh

Potential MWh lifetime clean energy capacity in FY2023 and 797,294 MWh since IPO;

### 92% EU Taxonomy

Portfolio alignment with the EU taxonomy for FY 23 (89% FY 22);

### 2.22 tCO<sub>2</sub>e/£m

Carbon footprint (FY 22 1.9 tCO<sub>2</sub> / £m);

# Environmental, Social and Governance (“ESG”)

## Metrics

### Greenhouse gas emissions:

	2023	2022
Scope 1	18 tCO <sub>2</sub> e	48 tCO <sub>2</sub> e
Scope 2	81 tCO <sub>2</sub> e	28 tCO <sub>2</sub> e
Scope 3 <sup>1</sup>	180 tCO <sub>2</sub> e	134 tCO <sub>2</sub> e
Carbon footprint	2.2 tCO <sub>2</sub> e / £m Val <sup>2</sup>	1.9 tCO <sub>2</sub> e / £m Val
GHG Intensity	55.3 tCO <sub>2</sub> e / £m Rev <sup>3</sup>	0.8 tCO <sub>2</sub> e / £m Val
Avoided GHG in the year	91,116 tCO <sub>2</sub> e	42,716 tCO <sub>2</sub> e
Avoided Cumulative since IPO	141,695 tCO <sub>2</sub> e	50,579 tCO <sub>2</sub> e
Energy use – UK	268,669 kWh	93,383 kWh
Energy use - Global	2,157,604 kWh	750,563 kWh

## Methodology

Emissions are calculated in line with the Greenhouse Gas Protocol but disclosed in line with EU SFDR (which aggregates the Company’s share of emissions for each scope).

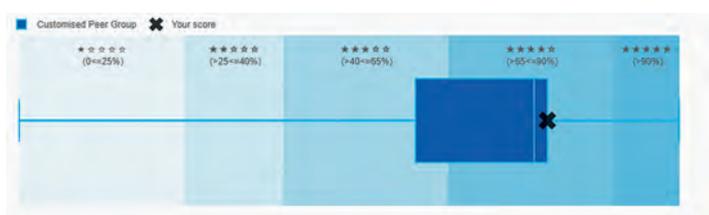
## Principles of Responsible Investment

During the year the Company submitted its first reporting to the Principles of Responsible Investment. The charts below show the scoring vs the peer group of investment managers in the same jurisdiction with similar assets under management. The results are favourable to the Company with performance above the median average in all three categories and particularly strong results in governance. Further work to enhance responsible investment performance will be undertaken in FY 2024.

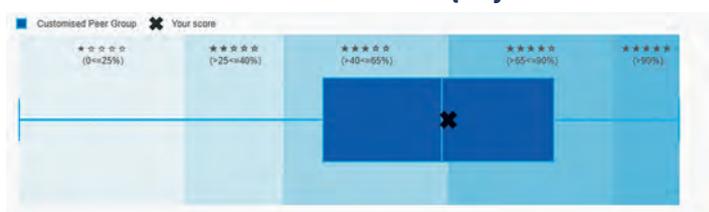
### Policy, Governance and Strategy



### Confidence Building Measures



### Direct – Private Equity



1 Notwithstanding any mitigation action in the respective supply chains, we expect that scope 3 emissions will increase as data gaps are closed and use of estimates are reduced as more reliable data from Private Hydrogen Assets becomes available.

2 Tonnes of carbon dioxide equivalent per £m of portfolio value.

3 Tonnes of carbon dioxide equivalent per £m of share of portfolio revenue.

# Stakeholder engagement (Section 172 Statement)

The Directors have a statutory duty to promote the success of the Company, whilst also having regard to certain broader matters, including the need to engage with employees, suppliers, customers, and others to their interests.

The Company has no employees and no customers in the traditional sense. In accordance with the Company's nature as an investment trust the Board's principal concern is the interests of the Company's shareholders taken as a whole. In doing so, it has due regard to the impact of its actions on shareholders, the environment and the wider community.

The Investment Adviser (in addition to the Board) has significant dealings with our stakeholders and, therefore, is an integral point of contact between the Company and our stakeholders. The Company's Corporate Broker, Barclays Bank PLC, are also an integral point of contact between the Company and our shareholders and, together with the Investment Adviser ensure that any shareholder feedback or observations are collated.

The following disclosure describes how the Directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under s172 of the Companies Act 2006 and forms the Directors' statement required under section 414CZA of the Companies Act 2006.

Stakeholder group	Why is it important to engage?	How has the Board communicated and engaged?	Key topics of engagement and decisions made by the Board
<b>Shareholders</b>	<p>The significant shareholders of the Company are set out in the Annual Report.</p> <p>The Investment Adviser and the Board believe that Shareholders and their support is critical to the continuing existence of the business and delivery of its long-term investment strategy.</p> <p>It is important to the Company's continued success to have the potential to access equity capital in order to expand the Company's portfolio over time in order to further diversify the investment portfolio and create economies of scale.</p>	<ul style="list-style-type: none"> <li>- Annual and Interim Reports;</li> <li>- Quarterly factsheets;</li> <li>- Investor webcasts and presentations (through the Investment Adviser);</li> <li>- Institutional investor meetings (one-to-one and group), primarily through the Investment Adviser and corporate broker;</li> <li>- Regular institutional investor feedback received from the Investment Adviser and corporate broker;</li> <li>- Research analyst presentations through the Investment Adviser;</li> <li>- AGM;</li> <li>- Website;</li> <li>- First Capital Markets Day held in February 2023.</li> </ul>	<p>Through the communication and engagement with shareholders described, the Company and Investment Advisor have provided data and information on topics including:</p> <ul style="list-style-type: none"> <li>- Market announcements, including quarterly NAV announcements;</li> <li>- Portfolio company valuation, financial performance and Company valuation methodology;</li> <li>- Commentary on macro trends impacting the Hydrogen sector;</li> <li>- Presentations by senior managers in portfolio companies at Capital Markets Day.</li> </ul>
<b>Investment Adviser</b>	<p>The Investment Adviser is the most significant service provider to the Company and a description of its role can be found in the Annual Report.</p>	<ul style="list-style-type: none"> <li>- Board and Committee meetings;</li> <li>- Regular reports and presentations from the Investment Adviser;</li> <li>- Ad hoc meetings and calls.</li> </ul>	<p>In addition to all matters related to the execution of the Company's Investment Objective, the Board engaged with the Investment Adviser in regards to the Company's SFDR reporting and Article 9 classification. The Board held a strategy day in early 2023 and a second in early 2024 to which the Investment Adviser was invited to present and discuss with the Board the Company's future strategy.</p>
<b>AIFM</b>	<p>The AIFM is a critical service provider for the Company's long-term success and engages with the Board and the Investment Adviser for the purpose of providing investment advisory services to the Company.</p> <p>The Board regularly monitors the Company's investment performance in relation to its objectives, investment policy and strategy.</p>	<ul style="list-style-type: none"> <li>- Board and Committee meetings;</li> <li>- Regular reports and presentations from the AIFM.</li> </ul>	<p>The AIFM is responsible for monitoring the risks faced by the Company and these are regularly discussed at meetings.</p>

# Stakeholder engagement (Section 172 Statement)

Stakeholder group	Why is it important to engage?	How has the Company communicated and engaged?	Key topics of engagement and decisions made
<b>Other key service providers</b>	<p>The Company does not have any direct employees and works closely with a number of key service providers, including the Administrator, Company Secretary, auditor and corporate broker.</p> <p>The independence, quality and timeliness of their service provision is critical to the success of the Company.</p>	<ul style="list-style-type: none"> <li>- Board and Committee meetings;</li> <li>- Ad hoc meetings and calls;</li> <li>- Annual review of performance based on a questionnaire;</li> <li>- The Company undertakes regular reviews of all material contracts for service quality and value through the activities of the Management Engagement Committee.</li> </ul>	<p>The feedback given by the service providers is used to review the Company's policies and procedures to ensure open lines of communication, and operational efficiency.</p> <p>The Company is able to identify and resolve problems with service provider relationships, should they arise, via this process.</p> <p>During the Company's annual report production, the Audit and Risk Committee has engaged with the Company's external auditors to obtain feedback on the quality and accuracy of the reporting and to ensure the reporting process was undertaken effectively by all service providers.</p> <p>During the year the Board appointed Barclays Bank as the Company's Broker.</p>
<b>Portfolio investments</b>	<p>The Board considers each proposal against the Company's investment objective, and investment policy as disclosed in the Annual Report and with consideration for the wider group of stakeholders.</p>	<ul style="list-style-type: none"> <li>- The Company's Board is presented with potential investment opportunities that have been identified by the Investment Adviser and which have undergone a process of analysis, including considerations relating to environmental, social and governance issues;</li> <li>- The Board reviews the financial and operating performance of the Company's portfolio companies on a regular basis;</li> <li>- In many cases, investments in Private Hydrogen Assets are linked to operational and financial targets, which the Board monitors;</li> <li>- A quarterly update on performance of portfolio companies is provided in the Investment Adviser's Report within the Board Packs.</li> </ul>	<p>As at 31 December 2023, over 90% of the capital raised was invested. One new investment was completed during the year.</p> <p>As part of the ongoing portfolio performance monitoring, the feedback given by the Investment Adviser is used to review the Company's policies and procedures to ensure open lines of communication, and operational efficiency regarding its Portfolio Companies.</p>
<b>Society and the environment</b>	<p>Ensuring our investment positively contributes to climate change mitigation with an ESG policy integrated in investment decisions and asset monitoring.</p>	<p>See ESG section of the Annual Report and the 2023 Sustainability Report.</p>	<p>See ESG section of the Annual Report and the 2023 Sustainability Report.</p>

## Other Matters

### Modern slavery disclosure

The Company is committed to maintaining the highest standards of ethical behaviour and expects the same of its business partners. The use of slavery and human trafficking is unacceptable and entirely incompatible with its ethics as a business. The Company believes that all efforts should be made to eliminate it from its supply chains.

The majority of services supplied to or on behalf of the Company are from the financial services, energy and construction industries and other services associated with those industries. Given what the Company understands to be a low risk profile of anyone supplying it with services being involved in slavery and/or human trafficking, it believes its current procedures and ability to rely on regulatory oversight in relation to professional services are sufficient in this regard.

### Social, community and human rights issues

The Investment Adviser screens the Company's Investable Universe as part of the Environmental Social and Governance analysis for any breaches of the principles of the UN Global Compact, including human rights, labour rights, environmental breaches and corruption. Any non-compliant companies are excluded from investment.

### Anti-bribery and corruption

In accordance with the UK Bribery Act 2010, the Company has developed appropriate anti-bribery policies and procedures. The Company has a zero-tolerance policy towards bribery and is committed to carrying out its business fairly, honestly and openly. The anti-bribery policies and procedures apply to all its officers and to those who represent the Company (including its business partners). The Company expects those providing services to it, or on its behalf, to undertake their business without bribery.

### Prevention of the facilitation of tax evasion

The Criminal Finances Act (Commencement No. 1) Regulations 2017 (SI 2017/739) brought Part 3 of the Criminal Finances Act 2017, the corporate offences of failure to prevent facilitation of tax evasion, into force on 30 September 2017. The Company does not tolerate tax evasion in any of its forms in its business. The Company complies with the relevant UK law and regulation in relation to the prevention of facilitation of tax evasion and supports efforts to eliminate the facilitation of tax evasion worldwide, and works to make sure its business partners share this commitment.

## 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 is 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.

### Asset allocation at year end

The breakdown of the structure of the portfolio at the Company's year end is shown in the Annual Report.

### Dividends and dividend policy

The Ordinary Shares carry a right to receive dividends. Interim dividends are determined by the Board and a final dividend is subject to shareholder approval at the AGM.

The Company is targeting a Net Asset Value total return of 10 to 15% per annum over the medium to long-term with further upside potential. The Company intends to invest in Hydrogen Assets with cash flow typically re-invested for further accretive growth.

The Company only intends to pay dividends in order to satisfy the ongoing requirements under the Investment Trust (Approved Company) (Tax) Regulations 2011 for it to be approved by HMRC as an investment trust save that, in the medium term, the Company's Hydrogen Assets may also generate free cash flow which the Company may decide not to re-invest and, in such case(s), the Company currently intends to distribute these amounts to Shareholders.

The Company's revenue return after tax for the year amounted to a loss of £1,328,000 (31 December 2022: loss of £1,405,000). The Company made a capital gain after tax of £8,645,000 (2022: gain of £2,959,000). Therefore the total return after tax for the Company was a profit of £7,317,000 (2022: profit of £1,554,000). No dividends have been paid or are proposed for the year to 31 December 2023 (2022: nil).

# Risk and risk management

## Principal risks and uncertainties

The Board, through delegation to the Audit and Risk Committee, has carried out a robust assessment of the emerging and principal risks facing the Company. These include those that would threaten its business model, future performance, solvency and liquidity (see Audit and Risk Committee Report in the Annual Report). The Audit and Risk Committee reviews ongoing monitoring of both risks and controls. This ensures heightened and emerging risks are identified outside of the normal cycle of Board and Audit and Risk Committee meetings. The Audit and Risk Committee undertook a comprehensive review of the Company's risk management framework and controls during the year. The risks are documented on a risk register and each risk is rated by impact and probability with the assessed risk given a risk score and a residual rating. The risk register is reviewed on an ongoing basis in an attempt to capture all risks and put appropriate mitigation in place. The review takes into account changing factors including, but not restricted to, changes to markets (both macro and micro), stakeholders, operations, regulation and emerging risks. The top risks identified by this process are set out in the table below together with the mitigated approach, and the Board considers these to be the principal risks of the Company.



Principal Risks and Uncertainties	Mitigation	Risk Status
<p><b>Regulatory</b></p> <p>Changes in political or environmental conditions in the hydrogen sector (for example, changes in government policy or support) could affect the Company's prospects.</p>	<p>The Board and Investment Adviser has significant experience in the energy sector and is familiar with its volatile political and regulatory environment. Extensive contacts across the sector inform its ongoing monitoring of these risks, which are reported to the Board at least quarterly. More specific due diligence occurs prior to any investments and during the lifetime of their ownership.</p> <p>The Administrator has a strong track record in administering listed companies and the various rules and regulation required to be adhered to.</p>	
<p><b>Policy support</b></p> <p>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.</p>	<p>As noted under 'regulatory', the Investment Adviser has longstanding experience in the energy sector and monitors the policy environment closely. Such experience and awareness is also present among the Company's Non-Executive Directors. It is the intent of the Investment Adviser to access a range of hydrogen projects in different countries and at different points in the emerging value chain, to further mitigate the risk of policy volatility.</p>	
<p><b>Power price</b></p> <p>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.</p> <p>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.</p>	<p>The Investment Adviser monitors the outlook for electricity and hydrogen prices. The exposure to fluctuating electricity and hydrogen prices may be hedged at the hydrogen project level.</p> <p>As a result, the Investment Adviser oversee power revenues and monitor regularly against expectations.</p> <p>Portfolio allocations are monitored on an ongoing basis by both the Investment Adviser and AIFM, to ensure compliance with investment limits. Reporting by the Investment Adviser and AIFM are provided to the Board at least quarterly.</p>	
<p><b>Operational</b></p> <p>Initial pre-deal due diligence may not uncover all risks associated to a transaction.</p> <p>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.</p> <p>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.</p> <p>As a result, profitability of the Company may be impaired leading to reduced returns for Shareholders.</p>	<p>The Investment Adviser conducts a vigorous due diligence process and works very closely with external and technically skilled consultancy firms to review all potential transactions, with an aim to provide a fully scoped and informed recommendation.</p> <p>The portfolio is constantly monitored by the Investment Adviser and the AIFM to address risks as they are identified.</p> <p>Diversification in counterparties and service providers ensures any impact is limited. Furthermore, the Company invests in a diversified portfolio.</p>	

Principal Risks and Uncertainties	Mitigation	Risk Status
<p><b>Performance</b></p> <p>Underperforming investment or investment strategy can lead to underperformance to the Company's target return and ultimate investment objective.</p> <p>Risk assessment has increased from macroeconomic impacts on portfolio investments from higher inflation and interest rates.</p>	<p>The Board reviews at least quarterly the portfolio performance as well as underlying key asset risks identified as part of the Company's risk register and how those risks are actively being mitigated which include but is not limited to:</p> <ul style="list-style-type: none"> <li>• Non Controlling interest risk</li> <li>• Interest rate risk</li> <li>• Market risk</li> <li>• Inflation risk</li> </ul> <p>At each Board meeting a report on risks, portfolio performance and any macro and micro considerations is provided by the Investment Adviser and the AIFM, and reviewed accordingly with the aim to mitigate such risks.</p> <p>New investment recommendations are reviewed and approved in line with the investment policy agreed with the Company and key parties.</p>	
<p><b>Future acquisitions and capital raises</b></p> <p>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 onward investment.</p> <p>Risk assessment has increased due to share price trading at a discount to net asset value.</p>	<p>The Company's Broker monitors the market for the Company's shares and reports at quarterly meetings. The Board regularly reviews the relative level of discount against the sector and has the authority to buy back shares.</p> <p>During the year, the Company's shares have traded at a discount to NAV which has restricted the Company's ability to raise capital through the issue of new shares.</p> <p>The Board and AIFM oversee the investment pipeline and monitor its progress in relation to Company targets.</p> <p>Certain assets will be identified in advance by the Investment Adviser as being potentially available for acquisition by the Company.</p> <p>The pipeline is managed by the Investment Adviser and monitored by the AIFM, with onward reporting to the Board.</p> <p>The Board is unlikely to agree to capital raises without a strong pipeline.</p>	
<p><b>Refinancing</b></p> <p>The operational risks of the Company including market, counterparty, credit and liquidity risk.</p> <p>Extreme market volatility can disrupt capital raising process and ability to raise monies to repay a debt demand in full.</p> <p>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.</p> <p>The Company may be forced to sell liquid assets to meet its expenses at a time when valuations are low.</p> <p>Risk assessment has increased due to market volatility and the Company's share price trading at a discount to net asset value, delaying the Company's ability to raise capital. Higher interest rates will increase the cost of finance to the Company.</p>	<p>The Investment Adviser closely monitors the liquidity in the market and portfolio valuations.</p> <p>Should new credit not be forthcoming, liquidity may be gained through a capital raise, or liquidation of an asset including the Company's Listed Hydrogen Assets.</p> <p>The Investment Adviser, AIFM and the Board continuously monitor forecast and actual cashflows from operating, financing, and investing activities to consider payment of dividends, or further investing activities.</p>	
<p><b>Service providers</b></p> <p>Disruption to, or failure of the Company's Administrator or other parties to complete their role efficiently, on time and in line with expectation.</p>	<p>All counterparties to the Company are reviewed as part of the risk register. A material credit risk is that of banks holding un-invested cash, the credit rating and credit worthiness of these are considered. A review of operational counterparties such as the Administrator for operational procedures, disaster recovery and system security is undertaken.</p> <p>Counterparties of Company's Special Purpose Vehicles ("SPV") and underlying assets are carried out as part of the investment due diligence process.</p>	

Company Overview

Strategic Report

Governance

Financial statements

Other information

# Risk and risk management

Principal Risks and Uncertainties	Mitigation	Risk Status
<p><b>Portfolio valuation</b></p> <p>Risk that portfolio asset valuations published do not represent the Fair Market Values in accordance with the accounting requirements.</p> <p>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.</p> <p>A 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.</p>	<p>The Investment Adviser has significant experience in valuation of these assets.</p> <p>The discount rate used in the valuations incorporates spot gilt rates for each free cashflow based on maturity and country which mitigates the longer term impact of rises in interest rates.</p> <p>The valuation policies will be reviewed by the Valuation Committee on a quarterly basis, together with signing off on the Private Hydrogen Asset values.</p>	
<p><b>Key person</b></p> <p>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.</p>	<p>The Investment Adviser is committed to expand its business/ staffing levels in order to diversify knowledge across the expanding team.</p> <p>This risk is covered in the risk register and reported on at each Board meeting.</p>	
<p><b>Tax</b></p> <p>Breaches of Section 1158 of the Corporation Tax Act could result in loss of investment trust status.</p> <p>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.</p>	<p>The corporate structure of the Company is reviewed periodically by the Company and its advisors.</p> <p>All investments receive professional structural advice prior to investment.</p>	
<p><b>Political and associated economic risk</b></p> <p>Exposure to Russia and/or Ukraine and the Middle East within the investment portfolio could lead to losses on investments.</p> <p>The impact on the global equity markets, and hydrogen stocks in particular, of a prolonged downturn caused by the situation in Ukraine and the Middle East, could lead to reduced valuations of the Company</p>	<p>The Board and Investment Adviser have reviewed the portfolio for exposure and will continue to keep this under review.</p>	
<p><b>Artificial intelligence</b></p> <p>Risks that the emergence of increasingly advanced AI will lead to new risks to the Company, including but not limited to, decline in human autonomy, increased cybersecurity vulnerabilities, algorithm perpetuated bias though using historical data, insufficient training data to perform correctly and algorithm driven price manipulation.</p>	<p>The Company, its advisers and service providers will aim to utilise the power of AI to enhance capabilities, rather than fall foul of the potential pitfalls its emergence presents. Through careful monitoring of the new technologies being released into the world, it will be the aim that the Company can utilise AI to its benefit.</p>	

## Viability statement

The Directors have assessed the viability of the Group for the period to 31 December 2028 (the "Viability Period"). The Board believes that the Viability Period, being approximately five years, is an appropriate time horizon over which to assess the viability of the Group, particularly when taking into account the long-term nature of the Group's investment strategy, of investing in private equity stakes of unlisted companies with a 3-5 year exit plan for each investment, the principal risks outlined in the Annual Report and the requirement to hold a continuation vote every five years.

In accordance with the Articles, the continuation of the Company is subject to the approval of shareholders every five years, with the first vote to be proposed as an ordinary resolution at the Company's AGM in 2026. If passed, the Articles provide that the Directors propose an ordinary resolution that the Company continue its business as presently constituted at each fifth annual general meeting thereafter. Since the Company's IPO, the Company has raised further equity capital of £21m and all AGM resolutions have been passed with a substantial majority demonstrating the continued support for the Company's investment objective and therefore, the Directors have no reason to believe that the vote will not pass.

In its assessment of the prospects of the Group, the Board carried out a robust assessment of the emerging and principal risks and considered each of the uncertainties set out in the Annual Report which included consideration of severe but plausible downside scenarios (such as a long-term market downturn, significantly increased costs, delays in the realisation of assets and the liquidity and solvency of the Group). The Board also considered the Group's income and expenditure projections and cash projections. These metrics were subjected to stress testing of the assumptions to evaluate the potential impact on the Group, including long term downturn of the listed equity markets, longer investment hold periods and increased inflation. Portfolio changes, market developments, level of premium / discount to NAV and share buybacks / share issues are discussed at quarterly Board meetings. The internal control framework of the Group is subject to a formal review on at least an annual basis.

The level of the ongoing charges is dependent to a large extent on the level of net assets, the most significant contributor being the Investment Adviser fee. The Group's cash realisable from the sale of its investments provide cover to the Group's operating expenses, and any other costs likely to be faced by the Group over the Viability Period of their assessment.

The Director's assessment considered the market risks associated with the Russian invasion of Ukraine and the war in the Middle East. The ongoing market volatility and uncertainty this has caused, including higher inflation and interest rates, has been considered and will continue to be monitored. The Investment Adviser has reviewed the investment portfolio for exposure and while limited exposure has been identified the Board will keep the situation under continued review.

Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue to operate and to meet its liabilities as they fall due over the Viability Period.

## Employees

The Company has no employees. As at the date of this report, the Company had four Directors, of whom two are male and two are female.

## Outlook

The outlook for the Company is described in the Chairman's Statement and the Investment Adviser's Report.

## Strategic report

The Strategic Report set out in the Annual Report was approved by the Board of Directors on 17 April 2024.

For and on behalf of the Board

**Simon Hogan**  
Chairman

17 April 2024

# Governance

57	Board of Directors
58	Directors' Report
62	Corporate Governance
66	Directors' Remuneration Policy
67	Directors' Remuneration Implementation Report
69	Report of the Audit and Risk Committee
71	Statement of Directors' Responsibilities
72	Independent Auditor's Report

# Board of Directors

**Simon Hogan**<sup>1,3</sup>  
(Chairman of the Board and  
Nomination Committee)  
Appointed 20 May 2021



Mr Hogan has significant capital markets, legal and management experience. He was previously a Managing Director of Morgan Stanley and Chief Operating Officer across their Commodities, Fixed Income and Equity divisions. Mr Hogan has held multiple board positions and was a member of the FCA Practitioners committee.

Mr Hogan's contribution is invaluable to the Company in formulating its short-term and long-term strategic direction as well as managing a newly established Board and Company.

**Afkenel Schipstra**<sup>1,3</sup>  
(Chairman of the Audit and Risk  
Committee and the Valuation  
Committee)  
Appointed 20 May 2021



Mrs Schipstra has over 19 years' experience in Energy in Europe and Sub-Saharan Africa. She is the new Hydrogen Lead at Uniper Benelux B.V. Afkenel was previously SVP of Hydrogen Business Development for the Netherlands at ENGIE, and held senior positions at Gasunie, Shell and NAM.

Mrs Schipstra's extensive knowledge of hydrogen projects strengthens the Board's commercial knowledge of the sector.

**Abigail Rotheroe**<sup>1,3</sup>  
(Chairman of the Management  
Engagement Committee and the  
Remuneration Committee)  
Appointed 8 February 2022



Ms Rotheroe has over 20 years of investment experience and was previously Investment Director at Snowball Impact Management, a sustainable and impact focussed asset manager. Ms Rotheroe was a Director of Threadneedle Investment, following positions at HSBC Asset Management and Schroders and has experience of institutional and retail investment. Ms Rotheroe is a non-executive director of Baillie Gifford Shin Nippon plc, Templeton Emerging Markets Investment Trust plc and Greencoat UK Wind plc.

Ms Rotheroe also brings knowledge of fund governance, manager selection and impact measurement.

**David Bucknall**<sup>2,3</sup>  
(Non-Executive Director)  
Appointed 20 May 2022



Mr Bucknall is currently Chief Executive Officer of the INEOS Energy group of companies and has been nominated as the Board representative of INEOS Offshore BCS Limited ("INEOS Energy") pursuant to the relationship and co-investment agreement entered into between, inter alia, INEOS Energy and the Company at launch. Mr Bucknall brings a wealth of commercial experience through his role held at INEOS Energy.

## The Principals of the Investment Adviser

### 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, 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.

1. Member of the Audit and Risk, Valuation, Management Engagement, Nomination and Remuneration Committees.
2. Mr Bucknall is not a member of the committees of the Board but attends by invitation. Considered independent by the Board. Refer to page 62 for an assessment of independence for David Bucknall.
3. Each Director has also been appointed as a Director of HydrogenOne Capital Growth (GP) Limited (a wholly owned subsidiary of the Company which has been appointed as the general partner of the Limited Partnership) in order to ensure that the Board are in a position to effectively monitor and manage the performance of the service providers of the HydrogenOne Partnership in accordance with the Listing Rules.

# Directors' Report

## The Directors present their report and accounts for the Company and Group for the year ended 31 December 2023.

### Strategic report

The Directors' Report should be read in conjunction with the Strategic Report on pages 10 to 55.

### Corporate governance

The Corporate Governance Statement on pages 62 to 65 forms part of this report.

### Legal and taxation status

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company conducts its affairs in order to meet the requirements for approval as an investment trust under section 1158 of the Corporation Tax Act 2010. The Company has received approval as an investment trust and the Company must meet eligibility conditions and ongoing requirements in order for investment trust status to be maintained. In the opinion of the Directors, the Company has met the conditions and requirements for approval as an investment trust for the year ended 31 December 2023.

### Risk and risk management

The Principal Risks and Uncertainties for the Company and their mitigation on pages 52 to 54 forms part of this report.

### Viability statement

The Viability Statement is on page 55.

### Market information

The Company's Ordinary Shares are premium listed on the London Stock Exchange ("LSE"). The NAV per Ordinary Share is calculated in Pound Sterling. Up to 14 November 2022, the NAV per Ordinary Share was calculated on a daily basis based upon the quarterly valuation of the Private Hydrogen Assets and daily valuation of the Listed Hydrogen Assets. Since 15 November 2022 the NAV per Ordinary Share has been calculated on a quarterly basis based upon the quarterly valuation of the Private Hydrogen Assets and Listed Hydrogen Assets. The quarterly NAV per Ordinary Share is published through a regulatory information service.

### Retail distribution promotion

As a result of the Financial Conduct Authority ("FCA") rules determining which investment products can be promoted to retail investors, certain investment products are classified as 'non-mainstream pooled investment' products and face restrictions on their promotion to retail investors.

The Company has concluded that the distribution of its shares, being shares in an investment trust, is not restricted as a result of the FCA rules described above.

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by financial advisers to retail investors and intends to continue to do so for the foreseeable future.

### Shareholder relations and Annual General Meeting (AGM)

The Board encourages all shareholders to attend the AGM and generally seeks to provide twenty one clear days' notice of that meeting.

The Notice of AGM sets out the business of the AGM and any special business is explained in the Directors' Report on pages 58 to 61. Separate resolutions are proposed for each substantive issue. The Investment Adviser has a programme of meetings with shareholders and reports back to the Board on its findings. The Board also welcomes direct feedback from shareholders. The Chairman is available to meet shareholders and may be contacted by email via the Company Secretary at [hydro1cosec@apexfs.group](mailto:hydro1cosec@apexfs.group).

The Company's AGM will be held at 20 May 2024 and the Chairman's Statement on page 7 sets out the arrangements for the meeting. Details of how shareholders can cast their votes can be found in the Notes to the Notice of Annual General Meeting on pages 128 to 130. Shareholders will also have the opportunity to hear a presentation from the Investment Adviser, and ask questions of the Board and the Investment Adviser.

### Special business of the AGM

#### Authority to issue and purchase own shares

The Board recommends that the Company be granted a new authority to allot up to a maximum of 12,881,999 Ordinary Shares (representing approximately 10% of the Ordinary Shares in issue at the date of this document) and to dis-apply pre-emption rights when allotting those Ordinary Shares and/or selling Ordinary Shares from treasury. Ordinary resolution 9 and special resolution 10 will be put to shareholders at the AGM. Ordinary Shares will be issued under this authority only at the Board's discretion and when it is deemed to be in the best interests of shareholders as a whole to do so. The advantages are to lower the Company's ongoing charges as expenses are diluted and, in the short term, to address volatility in the share price. Unless otherwise authorised by shareholders, new Ordinary Shares will not be issued at less than NAV and Ordinary Shares held in treasury will not be sold at less than NAV.

The maximum number of Ordinary Shares which can be admitted to trading on the London Stock Exchange without the publication of a prospectus is 20% of the Ordinary Shares on a rolling previous 12-month basis at the time of admission of the Ordinary Shares.

The Directors recommend that a new authority to purchase up to 19,310,117 Ordinary Shares (subject to the condition that not more than 14.99% of the Ordinary Shares in issue at the date of the AGM are purchased) be granted and special resolution 11 to that effect will be put to the AGM. Any Ordinary Shares purchased will either be cancelled or, if the Directors so determine, held in treasury. Ordinary Shares are purchased at the discretion of the

Board and when it is deemed to be in the best interests of shareholders. Ordinary Shares will be purchased for cancellation or for treasury only when the Ordinary Shares are trading at a discount to the Net Asset Value.

The Companies Act 2006 allows companies to hold shares acquired by way of market purchases as treasury shares, rather than having to cancel them. This gives the Company the ability to sell Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. At the year end and at the date of this report, no Ordinary Shares were held in treasury.

### Notice of General Meetings

Special resolution 12 in the notice to the AGM is required to reflect the requirements of the Shareholder Rights Directive. The Company is currently able to call general meetings, other than an AGM, on 14 clear days' notice and would like to preserve this ability. In order to be able to do so, shareholders must have given their prior approval.

Special resolution 12 seeks such approval, which would be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will ensure that it offers the facility for shareholders to vote by electronic means, and that this facility is accessible to all shareholders, if it is to call general meetings on 14 days' notice. Short notice of this kind will be used by the Board only under appropriate circumstances.

### Continuation vote

The Articles of Association require that an ordinary resolution be proposed at every fifth AGM of the Company that the Company should continue as an investment trust for a further five-year period. In accordance with the Articles of Association, the initial vote for the continuation of the Company will be proposed at the AGM to be held in 2026. In the event that such a resolution is not passed, the Directors are required to draw up proposals for shareholders' approval for the voluntary liquidation or unitisation or other reorganisation of the Company, which would require a special resolution of shareholders.

### Articles of association

Amendments to the Company's Articles of Association require an Ordinary Resolution to be passed by Shareholders.

## Management

### The Board

The independent Board is responsible to Shareholders for the overall management of the Company. The Board has adopted a Schedule of Matters Reserved for the Board which sets out the division of responsibilities between the Board and its various committees, the Chairman and the Chairmen of the various committees, together with the duties of the Board, further details can be found on pages 62 and 63.

Through the Committees and the use of external independent advisers, the Board manages risk and governance of the Company.

### Appointment of Board Members

The rules concerning the appointment of Directors are contained in the Company's Articles of Association which require that a Director shall be subject to election at the first AGM after appointment and annual re-election thereafter. Further details of the Board's process for the appointment of Board members can be found on page 63.

### Alternative Investment Fund Manager ("AIFM")

FundRock Management Company (Guernsey) Limited has been appointed as the Company's and Limited Partnership's AIFM. The AIFM has delegated the provision of portfolio management services to the Investment Adviser pursuant to the Investment Adviser Agreement.

The AIFM Agreement shall continue in force until terminated by either the AIFM or the Company by giving to the other no less than six months' prior written notice, provided that such notice may not be served earlier than the date being twelve months from the date of the AIFM Agreement. The AIFM Agreement may be terminated earlier by either party with immediate effect in certain circumstances, including, if the other party shall go into liquidation or an order shall be made or a resolution shall be passed to put the other party into liquidation or the other party has committed a material breach of any obligation the AIFM Agreement, and in the case of a breach which is capable of remedy fails to remedy it within 30 days. Details of the fee the AIFM is entitled to receive are given in note 14 to the Financial Statements.

The AIFM shall maintain, at its cost, professional indemnity insurance to cover any professional liability which it may incur under the AIFM Agreement, with a limit not less than £5,000,000. The Company has granted to the AIFM and certain other indemnified parties, a customary indemnity against losses which may arise in relation to the AIFM's performance of its duties under the AIFM Agreement.

The Board confirms that it has reviewed whether to retain FundRock Management Company (Guernsey) Limited as the AIFM of the Company. It has been concluded that it is in the best interests of shareholders as a whole to continue with the AIFM's engagement.

### Investment Adviser

The AIFM has appointed HydrogenOne Capital LLP as the Investment Adviser. The Investment Adviser has been given responsibility for investment advisory services in respect of any Private Hydrogen Assets the Company invests in directly or indirectly through holding entities and the Listed Hydrogen Assets (including uninvested cash) in accordance with the Company's investment policy, subject to the overall control and supervision of the AIFM. Details of the Investment Advisory fees are given in note 6 to the Financial Statements. As at 31 December 2023, Dr JJ Traynor held 100,000 Ordinary Shares and Mr Richard Hulf held 100,000 Ordinary Shares in the Company.

# Directors' Report

The Limited Partnership has entered into a Limited Partnership Investment Adviser Agreement dated 5 July 2021 and as amended on 26 November 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 AIFM.

The Investment Adviser Agreements are for an initial term of four years from the date of Admission and thereafter subject to termination on not less than twelve months' written notice by any party. The Investment Adviser Agreements can be terminated at any time in the event of, inter alia, the insolvency of the Company, the AIFM or the Investment Adviser or if certain key members of the Investment Adviser's team cease to be involved in the provision of services to the Company and are not replaced by individuals satisfactory to the Company (acting reasonably).

The Company and the Limited Partnership have given an indemnity in favour of the Investment Adviser (subject to customary exceptions) in respect of the Investment Adviser's potential losses in carrying on its responsibilities under the Investment Adviser Agreement.

The Board confirms that it has reviewed whether to retain HydrogenOne Capital LLP as the Investment Adviser of the Company and the Limited Partnership. It has been concluded that, given the Investment Adviser's depth of knowledge in the sector and the recent growth and performance record of the Company, it is in the best interests of shareholders as a whole to continue with the Investment Adviser's engagement.

## Alternative Investment Fund Portfolio Managers' Directive ("AIFMD")

In accordance with the AIFMD, the AIFM must ensure that an annual report containing certain information on the

Company is made available to investors for each financial year. The investment funds sourcebook of the FCA (the "Sourcebook") details the requirements of the annual report. All the information required by those rules are included in this Annual Report or will be made available on the Company's website.

## Company Secretary and Administrator

Apex Listed Companies Services (UK) Limited has been appointed to provide company secretarial and administration services to the Company.

## Custodian

The Northern Trust Company has been appointed as the Company's custodian for the Listed Hydrogen Assets.

## Registrar

Computershare Investor Services plc has been appointed as the Company's registrar.

## Continuing appointment of service providers

The Board has committed to undertake a detailed review of the continued appointment of these service providers on an annual basis to ensure these are in the best long term interests of the Company's Shareholders and undertook a comprehensive service provider review during the year ended 31 December 2023, concluding it was in the best interest of shareholders to continue to engage the services of the Company's appointed service providers.

## Capital structure and voting rights

At the year end and to the date of this report, the Company's issued share capital comprised 128,819,999 Ordinary Shares, with no Ordinary Shares held in treasury. Each Ordinary Share held entitles the holder to one vote. All Ordinary Shares carry equal voting rights and there are no restrictions on those voting rights. Voting deadlines are stated in the Notice of Meeting and Form of Proxy and are in accordance with the Companies Act 2006. There are no restrictions on the transfer of Ordinary Shares, nor are there any limitations or special rights associated with the Ordinary Shares.

## Notifiable interest

As at 31 December 2023 and 17 April 2024, the Directors have been formally notified of the following shareholdings comprising 3% or more of the issued share capital of the Company.

Company	Holding of Ordinary Shares – As at 31 December 2023	% Holding – As at 31 December 2023	Holding of Ordinary Shares – As at 17 April 2024	% Holding – As at 17 April 2024
INEOS Offshore BCS Limited	25,000,000	19.40	25,000,000	19.40
Rathbones Investment Management Ltd	14,762,893	11.50	14,169,838	10.99
City of Bradford - West Yorkshire Pension Fund	6,500,000	5.05	8,500,000	6.60
Stichting Juridisch Eigendom Privium Sustainable Impact Fund	6,040,000	4.69	6,040,000	4.69
FS Wealth Management Limited	3,670,000	3.42	3,670,000	3.42

### Political donations

There were no political donations made during the financial year to 31 December 2023.

### Disclosure required by listing rule 9.8.4

The above rule requires listed companies to report certain information in a single identifiable section of their annual financial reports. The Company confirms that, there are no further disclosures to be made other than those already disclosed within the Annual Report for the year ended 31 December 2023.

### Future trends

Details of the main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Investment Adviser's Report section of this Strategic Report. Further details as to the risks affecting the Company are set out in the 'Principal Risks and Uncertainties' on pages 52 to 54.

### Directors' indemnities

Subject to the provisions of the Companies Act 2006 and certain provisions contained in the deeds of indemnity issued by the Company, the Company has indemnified each of the Directors against all liabilities which each Director may suffer or incur arising out of or in connection with any claim made or proceedings taken against them, or any application made under sections 661(3), 661(4) or 1157 of the Companies Act 2006 by them, on the grounds of their negligence, default, breach of duty or breach of trust, in relation to the Company or any associated company. The indemnities would provide financial support from the Company after the level of cover provided by the Company's Directors' and Officers' insurance policy has been fully utilised.

### Going concern

The Directors consider that it is appropriate to adopt the going concern basis in preparing the Financial Statements. Details of the Directors' assessment of the going concern status of the Company and Group, which considered the adequacy of the Company and Group's resources, the macro-economic effects, such as higher inflation and interest rates that have occurred following the Russian invasion of Ukraine and war in the Middle East, are given in note 2 to the Financial Statements.

### Auditor information

Each of the Directors at the date of the approval of this report confirms that:

- (i) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (ii) the Director has taken all steps that he or she ought to have taken as Director to make himself or herself aware of any relevant information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### Appointment of auditor

In accordance with Section 489 of the Companies Act 2006, a resolution will be put forward at the forthcoming AGM on 21 May 2024 to re-appoint KPMG Channel Islands Limited ("KPMG") as auditor.

By order of the Board

#### Martin Darragh

For and on behalf of Apex Listed Companies Services (UK) Limited, Company Secretary

17 April 2024

# Corporate Governance

## Introduction

This Corporate Governance statement forms part of the Directors' Report.

The Listing Rules and the Disclosure Guidance and Transparency Rules of the UK Listing Authority require listed companies to disclose how they have applied the principles and complied with the provisions of The UK Corporate Governance Code 2018 (the "UK Code"), as issued by the Financial Reporting Council ("FRC"). The UK Code can be viewed on the FRC's website.

The Board has considered the principles and provisions of the AIC Code of Corporate Governance 2019 (the "AIC Code") which addresses those set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company, as an investment trust.

The Board considers that reporting against the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders. The AIC Code is available on the AIC website ([www.theaic.co.uk](http://www.theaic.co.uk)). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Company has complied with the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive (provision 14);
- the need for an internal audit function (provision 25); and
- executive Directors' remuneration (provision 33).

The Board considers these provisions are not relevant to the Company, being an externally managed investment company with no employees. The Company has therefore not reported further in respect of these provisions, other than the need for an internal audit function specific to the Company, which has been addressed on page 70.

## The Board

### Composition

At the date of this report the Board consists of four Non-Executive Directors. The Chairman is Simon Hogan, and the Directors are Afkenel Schipstra, Abigail Rotheroe and David Bucknall. Mrs Schipstra is the Chairman of the Audit and Risk Committee and the Valuation Committee and Ms Rotheroe is the Chairman of the Management Engagement Committee and Remuneration Committee. Mr Hogan is Chairman of the Nomination Committee. Due to the size and nature of the Company's business, the Board has not deemed it necessary to appoint a Senior Independent Director as the role can be performed by the Board as a whole.

Mr Hogan, and Mrs Schipstra were appointed as Non-Executive Directors 22 May 2021, Ms Rotheroe 8 February 2022 and Mr Bucknall 20 May 2022.

The Board believes that during the year ended 31 December 2023 its composition was appropriate for an investment company of the Company's nature and size. All of the Directors are independent of the Investment Adviser and are able to allocate sufficient time to the Company to discharge their responsibilities effectively. In accordance with the Co-Investment Agreement between INEOS Energy and the Company, Mr Bucknall will recuse himself from any decision relating to a transaction by the Company or any member of the Group with INEOS Energy or any of its Associates. The Board has noted the inference of the provisions in the AIC Code that Non-Executive Directors who represent a significant shareholder should be presumed not to be independent. However, it is the Board's assessment that the provisions in place to manage actual or potential situational conflicts of interest are sufficiently robust and always promote the success of the Company. The Board has concluded that Mr Bucknall continues to demonstrate independence of character and judgement. His skills and experience have added significantly to the strength of the Board and his continued service is invaluable to the long-term success of the Company. The Directors have a broad range of relevant experience to meet the Company's requirements and their biographies are given on page 57.

In line with the AIC Code and the Articles of Association, each Director is subject to election at the first AGM following their appointment and annual re-election thereafter by shareholders. The Board recommends all the Directors for election or re-election.

The Directors have appointment letters which do not provide for any specific term. Copies of the Directors' appointment letters are available on request from the Company Secretary. Upon joining the Board, any new Director will receive an induction and relevant training is available to Directors on an ongoing basis.

A policy of insurance against Directors' and Officers' liabilities is maintained by the Company.

The Directors, in the furtherance of their duties, may take independent professional advice at the expense of the Company.

## Board Committees

The Board decides upon the membership and chairmanship of its committees. Each Committee has adopted formal terms of reference, which are reviewed at least annually, and copies of these are available on the Company's website or on request from the Company Secretary.

### Audit and Risk Committee

A report on pages 69 and 70 provides details of the role and composition of the Audit and Risk Committee together with a description of the work of the Audit and Risk Committee in discharging its responsibilities.

### Remuneration Committee

All of the Directors, except Mr Bucknall, are members of this Committee, and Ms Rotheroe is the Chairman. The Remuneration Committee has been established to meet formally on at least an annual basis to review the remuneration policy of the Company and consider the fees of the Non-Executive Directors.

The Directors' Remuneration Implementation Report is included on pages 67 and 68.

### Management Engagement Committee ("MEC")

All of the Directors, except Mr Bucknall, are members of the MEC, and Ms Rotheroe is the Chairman. The MEC has been established to conduct a formal annual review of the AIFM and the Investment Adviser, assessing investment and other performance, the level and method of their remuneration and the continued appointment of them as AIFM and Investment Adviser to the Company. The MEC met and reviewed the AIFM and Investment Adviser's performance and remuneration structure. In conclusion the Committee's recommendation to the Board was that it was in the best interests of shareholders as a whole to continue with their engagements and that the current management fee structure remained appropriate. (See page 60 for further details).

During the year, the MEC also conducted an annual detailed service review of the main service providers to the

### Meeting attendance

	Board	Audit and Risk Committee	Remuneration Committee	Management Engagement Committee	Nomination Committee	Valuation Committee
Number of meetings held in 2023	7	3	1	1	1	4
Simon Hogan	7	3	1	1	1	4
Afkenel Schipstra	7	3	1	1	1	4
Abigail Rotheroe	7	3	1	1	1	4
David Bucknall <sup>1</sup>	5	2	1	1	1	3

1. Mr Bucknall is not a member of the committees of the Board but attends by invitation. He was unable to attend two Board meetings due to prior commitments.

In addition, a number of ad hoc Board and committee meetings were held to deal with administrative matters and the formal approval of documents.

Company and concluded that their continued appointment remained in the best interest of shareholders.

### Nomination Committee

All of the Directors, except Mr Bucknall, are members of this Committee and Mr Hogan is the Chairman. The Nomination Committee has been established for the purpose of identifying and putting forward candidates for the office of Director of the Company. The Nomination Committee considers job specifications and assesses whether candidates have the necessary skills and time available to devote to the job. It also undertakes an annual performance evaluation of the Board. An evaluation requiring the Directors to complete detailed questionnaires on the operation of the Board, its Committees and the individual contribution of Directors as well as the performance of the Chairman was undertaken during the year. The results of the evaluation were reviewed by the Chairman and discussed with the Board. Based upon the conclusions of the most recent performance evaluation, which were positive and demonstrated that the Directors showed the necessary commitment for the effective fulfilment of their duties, the Committee recommended that each of the Directors be re-elected at the forthcoming AGM.

The Board succession plan is reviewed and maintained through the Nomination Committee to promote regular refreshment and diversity, whilst maintaining stability and continuity of skills and knowledge on the Board.

### Valuation Committee

All of the Directors, except Mr Bucknall, are members of this Committee, and Mrs Schipstra is the Chairman. The Valuation Committee has been established to meet formally on at least a quarterly basis to formulate valuation policies for investments of the Company, consider whether independent valuation of the portfolio is required and approve the valuations or valuation methodology of the Private and Listed Hydrogen Assets. A summary of the valuation of the Company's investment portfolio is given on page 23.

# Corporate Governance

## Board diversity

Appointments are based on merit with due regard to the benefits of diversity. The Board considers many factors, including the balance of skills, knowledge, experience, gender, ethnicity, cognitive and personal strengths when reviewing its composition and appointing new Directors. The aim of the policy is to identify those with the best range of skills and experience to complement existing Directors in order to provide effective oversight of the Company and constructive support and challenge to the Investment Adviser. Summary biographical details of the Directors, including their relevant experience, are set out on page 57.

The Board currently comprises four Non-Executive Directors of which two are female thereby constituting 50% female representation and complies with the Hampton-Alexander target of 33% female membership. However, although the Board has considered the recommendations of the Davies and Hampton-Alexander reviews as well as the Parker review, it does not consider it appropriate to establish targets or quotas in these regards. The Company has no employees.

The Board take account of the targets set out in the FCA's Listing Rules, that i) 40% of a board should be women, ii) at least one senior role should be held by a woman, and iii) at least one board member should be from a non-white ethnic background as defined by the Office of National Statistics criteria. The Board voluntarily discloses the following information in relation to its diversity. As an externally managed investment company, the Board employs no executive staff, and therefore does not have a chief executive officer (CEO) or a chief financial officer (CFO) - both of which are deemed senior board positions by the FCA. However, the Board considers the Chair of the Audit and Risk Committee to be a senior board position and the following disclosure is made on this basis. The other applicable senior board position as recognised by the FCA is Chair of the Board. In addition, the Board has resolved that the Company's year end date be the most appropriate date for disclosure purposes. The following information has been provided by each Director. There have been no changes since 31 December 2023.

### Board as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	2	50	1
Women	2	50	1
Prefer not to say	-	-	-

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or Other White (including minority-white groups)	4	100	2
Prefer not to say	-	-	-

The Company has met the Listing Rule targets i and ii in respect of Gender equality but has not yet met the target on ethnic diversity. The Board recognises the benefits of having diverse representation reflecting wider society within the Board and is committed to ensuring that its composition reflects ethnic diversity, and it is looking to make meaningful progress on this front when appropriate and as part of its succession planning. Due to the nature and size of the Company, the Board comprises of four directors. The Board considers this to be the principal reason why the Listing Rule target has not been met.

## Tenure policy

It is the Board's policy that all Directors, including the Chairman, shall normally have tenure limited to nine years from their appointment to the Board, except that the Board may determine otherwise if it is considered that the continued participation on the Board of an individual Director is in the best interests of the Company and its shareholders. This is also subject to the Director's re-election annually by shareholders. The Board considers that this policy encourages regular refreshment and is conducive to fostering diversity.

## Internal control

The Board is responsible for establishing the Company's system of internal controls and for monitoring their effectiveness. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can provide only reasonable assurance against material misstatement or loss. The Board, through the Audit and Risk Committee, regularly reviews the effectiveness of the internal control systems to identify, evaluate and manage the Company's significant risks. If any significant failings or weaknesses are identified the Board, and where required the Investment Adviser, ensure that necessary action is taken to remedy the failings. Taking into account the principal risks and uncertainties section on pages 52 to 54 during the year, the Board - through the Audit and Risk Committee - established the Company's risk management framework and controls. This identified a detailed number of risks facing the Company and resulted in enhanced risk documentation and reporting to the Board and Audit and Risk Committee. Following its review, the Board is not aware of any significant failings or weaknesses arising in the year under review.

The Board believes that the existing arrangements, including those set out below, represent an appropriate framework to meet the internal control requirements. By these procedures the Directors have kept under review the effectiveness of the internal control system throughout the year and up to the date of this report.

### Financial aspects of internal control

These are detailed in the Report of the Audit and Risk Committee.

### Other aspects of internal control

The Board holds at least four regular meetings each year, plus additional meetings as required. Between these meetings there is regular contact with the Investment Adviser and the Company's Administrator and Company Secretary.

The Administrator, Apex Listed Companies Services (UK) Limited reports separately in writing to the Board concerning risks and internal control matters within its remit, including internal financial control procedures and company secretarial matters. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The contact with the Investment Adviser, the AIFM and the Administrator enable the Board to monitor the Company's progress towards its objectives and encompass an analysis of the risks involved. The effectiveness of the Company's risk management and internal controls systems is monitored regularly and a formal review, utilising a detailed risk assessment programme, takes place at least annually. This includes review of the internal controls reports of the Administrator, the AIFM and the Registrar.

### Principal risks

The Directors confirm that they have carried out a robust assessment of the Company's emerging and principal risks, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and how they are being managed are set out in the Strategic Report on pages 52 to 54.

# Directors' Remuneration Policy

The remuneration policy (the "Policy") must be put forward for shareholder approval at its first AGM and thereafter at a maximum interval of three years. The Policy was last approved by shareholders at the AGM held on 23 May 2022 and will continue in force until the Annual General Meeting to be held in May 2025. The provisions set out in the Policy apply until they are next submitted for shareholder approval. In the event of any proposed material variation to the Policy, shareholder approval will be sought for the proposed new policy prior to its implementation. The Policy sets out the principles the Company follows in remunerating Directors and the result of the shareholder vote on the Policy is binding on the Company. The Remuneration Committee will take account of any views expressed by shareholders in formulating this policy.

All the Directors are Non-Executive Directors and the Company has no other employees.

## Service contracts

The Directors do not have service contracts with the Company. The Directors have appointment letters and, following initial election by shareholders, are subject to annual re-election.

## Fees

Directors' fees are determined by the Board according to their duties and responsibilities and by reference to the time commitment required by each Director to carry out their roles effectively. In setting fees, the Board also has regard to the need to recruit and retain Directors with appropriate knowledge and experience, the fees paid to Directors of the Company's peers and industry practice. Directors' fees are also subject to the aggregate annual limit set out in the Company's Articles of Association (the "Articles"), which is currently £300,000. The aggregate limit of Directors' fees in the Articles can only be amended by an ordinary resolution put to shareholders at a general meeting.

Directors are not eligible for bonuses, pension benefits, share benefits, share options, long-term incentive schemes or other benefits.

Directors' fees are paid at fixed annual rates and do not have any variable elements. Directors are also entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in performance of their duties. These expenses are unlikely to be of a significant amount.

Fees are payable from the date of appointment as a Director of the Company and cease on the date of termination of appointment. Any new Directors will be paid at the same rate as existing Directors. Directors are not entitled to compensation for loss of office, and there is no notice period upon early termination of appointment.

No incentive fees will be paid to any person to encourage them to become a Director of the Company. The Company may, however, pay fees to external agencies to assist the Board in the search and selection of Directors or in reviewing remuneration. Where a consultant is appointed, the consultant shall be identified in the Annual Report alongside a statement about any other connection it has with the Company or individual Directors. No consultants were appointed during the year. Independent judgement will be exercised when evaluating the advice of external third parties.

## Statement of consideration of conditions elsewhere in the Company

As stated above, the Company has no employees. Therefore, the process of consulting with employees on the setting of the Remuneration Policy is not applicable.

## Review of the Policy

This Policy will be reviewed on an annual basis by the Remuneration Committee and any changes approved by the Board. As part of the review, the Remuneration Committee will consider whether the Policy supports the long-term success of the Company and takes into consideration all relevant regulatory requirements.

Any material change to the Policy must be approved by shareholders.

## Effective date

The Policy is effective from the date of approval by shareholders.

## Current and future policy

Component	Director	Purpose of reward	Operation
Annual fee	Chair of the Board	For services as Chairman of a plc	Determined by the Board
Annual fee	Other Directors	For services as Non-Executive Directors of a plc	Determined by the Board
Additional fee	Chair of the Audit and Risk Committee	For additional responsibility and time commitment	Determined by the Board
Expenses	All Directors	Reimbursement of expenses incurred in the performance of duties	Submission of appropriate supporting documentation

# Directors' Remuneration Implementation Report

This Directors' Remuneration Implementation Report ("the Report") has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulation 2013. An ordinary resolution for the approval of this Report will be put forward at the forthcoming AGM.

The Report is put forward for approval by shareholders on an annual basis. The result of the shareholder resolution on the Report is non-binding on the Company, although it gives shareholders an opportunity to express their views, which will be taken into account by the Board and the Remuneration Committee.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures are audited they are indicated as such. The auditor's opinion is shown on pages 72 to 77.

## Remuneration Committee

The Company currently has four (2022: four) Non-Executive Directors.

In accordance with clause 5 of the Relationship and Co-Investment Agreement, INEOS Energy is entitled to nominate one Non-Executive Director for appointment to the Board. David Bucknall has been nominated for this purpose, and as set out in his appointment letter, is not remunerated for his role as a Non-Executive Director.

During the year, the annual fee payable to the Chair of the Board was £68,250, the Chair of the Audit and Risk and Valuation Committees, £57,750 and Chair of the Management Engagement and Remuneration Committees, £47,250. The Remuneration Committee reviewed the level of Directors' fees and recommended to the Board that no change should be made to the rate of fees paid to directors.

The Remuneration Committee believes that the level of fees appropriately reflects prevailing market rates for an investment trust of the Company's complexity and size, the increasing complexity of regulation and resultant time spent by the Directors on matters, and will also enable the Company to attract appropriately experienced additional Directors in the future.

The annual fees of the Directors from 1 January 2024 are as follows:

Name	Role	Fee
Simon Hogan	Chair	£68,250
Afkenel Schipstra	Chair of the Audit and Risk and Valuation Committees	£57,750
Abigail Rotheroe	Chair of the Remuneration and Management Engagement Committee	£47,250
David Bucknall	Non-Executive Director	-

The Remuneration Committee comprises the whole Board with the exception of Mr Bucknall. Further detail on the duties of the Remuneration Committee can be found in the Corporate Governance statement on page 63.

The maximum level of fees payable, in aggregate, to the Directors of the Company is currently £300,000 per annum as set out in the Company's Articles of Association.

## Directors' appointment letters and shareholding rights

The Directors have appointment letters which do not provide for any specific term. The Directors are not entitled to compensation on loss of office. There are no restrictions on transfers of the Company's Ordinary Shares held by the Directors or any special rights attached to such shares.

## Performance

The chart below shows the performance of the Company's share price by comparison to the Solactive Hydrogen Economy Index on a total return basis. The Company does not have a specific benchmark but has deemed the Solactive Hydrogen Economy Index to be the most appropriate as at least 60% of the companies included in the index generate 100% of their revenue from clean Hydrogen.

### Total return performance

HGEN Share Price vs NAV from date of listing to 31 December 2023



# Directors' Remuneration Implementation Report

## Directors' emoluments for the year (Audited)

The Directors who served during the year received the following remuneration for qualifying services, commencing from the date of their appointment. The comparative period is for the year to the 31 December 2022.

	2023			2022		
	Fees £	Taxable benefits £	Total £	Fees £	Taxable benefits £	Total £
Simon Hogan	68,250	–	68,250	65,000	–	65,000
David Bucknall <sup>1</sup>	–	–	–	–	–	–
Abigail Rotheroe <sup>2</sup>	47,250	–	47,250	40,096	–	40,096
Afkenel Schipstra <sup>3</sup>	57,750	4,856	62,606	52,282	2,261	54,543
Caroline Cook <sup>4</sup>	–	–	–	14,808	342	15,150
<b>Total</b>	<b>173,250</b>	<b>4,856</b>	<b>178,106</b>	<b>172,186</b>	<b>2,603</b>	<b>174,789</b>

1. Mr Bucknall is not remunerated for his services.

2. Appointed Chair of the Remuneration and Management Engagement Committees 7 April 2022.

3. Appointed Chair of the Audit and Risk and Valuation Committees 7 April 2022.

4. Resigned 7 April 2022.

There are no other taxable benefits payable by the Company other than certain expenses which may be deemed to be taxable such as travel expenses. None of the above fees were paid to third parties.

## Annual percentage change in Directors' remuneration (unaudited)

The following table sets out the annual percentage change in Directors' fees for the years ending 31 December 2022 and 31 December 2023. Directors' fees were unchanged in the period from inception to 31 December 2021.

	% change from 2022 to 2023	% change from 2021 to 2022
Simon Hogan	5.0	72.8
David Bucknall <sup>1</sup>	–	–
Abigail Rotheroe <sup>2</sup>	17.8	–
Afkenel Schipstra <sup>3</sup>	10.5	89.2

## Relative importance of spend on pay

The following table sets out the total level of Directors' remuneration compared to the distributions to shareholders by way of dividends and share buybacks, and the management fees and other expenses incurred by the Company during the year to 31 December 2023 (see Statement of Comprehensive Income). The comparative period is for the year to 31 December 2022.

	2023 £'000	2022 £'000
Spend on Directors' fees	178,106	174,789
Management fees and other expenses	1,540,000	1,502,000
Dividends paid to shareholders	–	–

The disclosure of the information in the above table is required under The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment)

Regulations 2013 with the exception of management fees and other expenses which have been included to show the total operating expenses of the Company.

## Directors' holdings (Audited)

At 31 December 2023 and at the date of this report the Directors had the following holdings in the Company. All holdings were beneficially owned.

	Ordinary Shares at 31 Dec 2023	Ordinary Shares at 17 April 2024
Simon Hogan	40,000	40,000
David Bucknall	–	–
Abigail Rotheroe	10,000	10,000
Afkenel Schipstra	10,100	10,100

## Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Remuneration Report and Remuneration Policy summarises, as applicable, for the year to 31 December 2023:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and decisions have been taken.

**Abigail Rotheroe**

Chair of the Remuneration Committee

17 April 2024

# Report of the Audit and Risk Committee

**As Chairman of the Audit and Risk Committee (the “Committee”), I am pleased to present the Committee’s report to shareholders for the year ended 31 December 2023.**

## The Audit and Risk Committee

### Composition

All of the Directors, except David Bucknall, are members of the Committee. In accordance with the UK Code, the Chairman of the Board should not be a member. However, the AIC Code permits the Chairman of the Board to be a member of, but not chair the Committee if they were independent on appointment – which the Chairman was and continues to be. In view of the size of the Board, the Directors feel it is appropriate for him to continue as a member, so that the Committee can continue to benefit from his experience and knowledge.

The members of the Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. The Committee considers that at least one of its members has recent and relevant financial experience and competence relevant to the sector in which the Company operates.

### Role and responsibilities

The main role and responsibilities of the Committee are set out in the Committee’s terms of reference. The terms are updated annually and are available on the Company’s website or on request from the Company Secretary.

The Committee meets formally at least twice a year for the purpose, amongst other things, of advising the Board on the appointment, effectiveness, independence, objectivity and remuneration of the external auditor. The Committee monitors the integrity of the Financial Statements of the Company and any formal announcements relating to the Company’s financial performance, reviewing significant financial reporting judgements contained in them. The Committee also reviews the Company’s risk management, internal financial controls and internal control systems and reviews the Investment Adviser’s whistleblowing arrangements. The provision of non-audit services by the auditor are reviewed against the Committee’s policy described overleaf.

### Meetings

There were three Committee meetings during the year ended 31 December 2023. In addition, the Committee met the auditor, without any other party present, for a private discussion and the Chairman of the Committee met with the auditor prior to the Audit Committee meeting in March 2024.

### Financial statements and significant accounting matters

The Committee reviewed the Financial Statements and considered the following significant accounting matters in relation to the Company’s Financial Statements for the year ended 31 December 2023.

### Valuation of Private Hydrogen Assets investments

The Company’s investment through the Limited Partnership at 31 December 2023 was £125,861,528 representing a substantial portion of the Company’s net assets and as such is the biggest factor in relation to the accuracy of the Financial Statements. The valuation of the Company’s Private Hydrogen Assets held through the Limited Partnership is the most material matter in the production of the Financial Statements.

The Board has appointed a Valuation Committee which sets out the valuation policies and process. The Committee met four times during the year to review the valuations at each quarter end date. The process includes considering and approving valuations or valuation methodology made by the Investment Adviser and provided to the AIFM, using fair market valuations of the Listed and Private Hydrogen Assets on a quarterly basis as at 31 March, 30 June, 30 September and 31 December each year. The valuation principles used to calculate the fair value of the Private Hydrogen Assets are based on IPEV Guidelines.

For Private Hydrogen Assets, as the Company typically invests in early stage, pre or early revenue investments, a number of valuation methodologies in line with IPEV Guidelines have been considered and employed to value the investments including the discounted cash flow methodology, the value of the loan principal plus accrued interest for loans to Project Development companies or a scenario based valuation incorporating DCF, indicative offers and net asset values. The Valuation Committee reviewed and approved the appropriateness of the valuation methodology employed and the assumptions made in the calculation of the fair value of each of the Private Hydrogen Assets. Details of the valuation methodology and assumptions used for each of the Private Hydrogen Assets at 31 December 2023 are given in note 3 to the Financial Statements.

The Audit and Risk Committee reviewed, along with the Valuation Committee, the procedures in place for ensuring the appropriate valuation of investments and approved the valuation of the Company’s Private Hydrogen Assets at the year end with the Investment Adviser and AIFM.

### Emerging risks

The Committee considered the risks and economic impacts including higher inflation and interest rates arising from the Russian invasion of Ukraine and war in the Middle East, on the Company’s ability to continue in operation and impact on the Company’s portfolio and concluded that these had been properly reflected in the portfolio companies valuations and the Company’s Financial Statements.

# Report of the Audit and Risk Committee

As part of the annual report review, the Committee:

- obtained assurances from the Investment Adviser and the Administrator that the Financial Statements had been prepared appropriately;
- reviewed the consistency of, and any changes to, accounting policies;
- reviewed the tax compliance of the Company during the year with the eligibility conditions and ongoing requirements in order for investment trust status to be maintained;
- reviewed the Company's financial resources and concluded that it is appropriate for the Company's Financial Statements to be prepared on a going concern basis as described in the Directors' Report on page 61;
- considered the risk to the Company from economic conditions such as higher interest rates and inflationary pressures and market volatility arising from the ongoing wars in Ukraine and the Middle East. The Board and the Investment Adviser have reviewed the investment portfolio and identified limited direct impact on the portfolio but continue to monitor any impact to the Company, the Group, its investee companies and overall valuations; and
- concluded that the Annual Report for the year ended 31 December 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee reached this conclusion through a process of review of the document and enquiries to the various parties involved in the production of the Annual Report, and the external auditor's report thereon.

The Committee reported the results of this work, including its assessment that the Annual Report is fair, balanced and understandable, to the Board.

## External auditor

This year's audit was the third conducted by KPMG Channel Islands Limited ("KPMG") and by David Alexander as audit Director, since KPMG was selected as the Company's auditor at the Company's launch and formal appointment on 15 June 2021. The appointment of the auditor is reviewed annually by the Audit and Risk Committee and the Board and is subject to approval by Shareholders. In accordance with the FRC guidance, the audit will be put out to tender within ten years of the initial appointment of KPMG. Additionally, the audit Director must be rotated every five years and is next eligible for rotation in 2026.

## Effectiveness of audit

The Committee reviewed the audit planning and the standing, skills and experience of the firm and the audit team. The Committee also considered the independence of KPMG and the objectivity of the audit process. KPMG has confirmed that it is independent of the Company and has complied with relevant auditing standards. No modifications were required to the external audit approach. The Audit Plan was presented to the Audit and Risk Committee at

its November 2023 Committee meeting, ahead of the commencement of the Company's year end audit. The Audit Plan set out the audit process, materiality scope and significant risks. A presentation of the results of the audit following completion of the main audit testing was provided at the March 2024 meeting. Additionally, the Committee received feedback from the Investment Adviser and Administrator regarding the effectiveness of the external audit process.

The Audit Quality Review Team of the FRC performed a review of the audit of the Company for the year ended 31 December 2022 for which there were no significant findings. In the opinion of the Audit & Risk Committee, the outcome was satisfactory, which provides further comfort on the quality of KPMG's audit process.

The Committee is satisfied that KPMG has provided effective independent challenge in carrying out its responsibilities. After due consideration, the Committee recommended the reappointment of KPMG and a resolution will be put forward to the Company's shareholders at the 2024 AGM.

## Provision of non-audit services

The Committee has put in place a policy on the supply of any non-audit services provided by the external auditor. Non-audit services are considered on a case-by-case basis and may only be provided to the Company if such services meet the requirements of the FRC's Revised Ethical Standard 2019, including: at a reasonable and competitive cost; do not constitute a conflict of interest for the auditor; and all non-audit services must be approved in advance. No non-audit services were provided to the Company during the year to 31 December 2023.

## Internal audit

The Audit and Risk Committee has considered the need for an internal audit function and considers that this is not appropriate given the nature and circumstances of the Company as an externally managed investment company with external service providers. The Audit and Risk Committee keeps the need for an internal audit function under periodic review.

**Afkenel Schipstra**  
Audit and Risk Committee Chairman

17 April 2024

# Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that year. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates which are reasonable relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Responsibility statement of the Directors in respect of the annual report

The Directors each confirm to the best of their knowledge that:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

For and on behalf of the Board

**Simon Hogan**  
Chairman

17 April 2024

# Independent auditor's report

to the members of HydrogenOne Capital Growth plc

## Our opinion is unmodified

We have audited the parent and consolidated financial statements of HydrogenOne Capital Growth plc (the "Company") and its subsidiary (together, the "Group"), which comprise the parent and consolidated statement of financial position as at 31 December 2023, parent and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

### In our opinion, the accompanying parent and consolidated financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's and the Company's profit for the year then ended;
- are properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the Directors on 15 June 2021. The period of total uninterrupted engagement is for the three financial years ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Company and Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

## Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the parent and consolidated financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2022), in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the parent and consolidated financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Key audit matter	The risk	Our response
<p><b>Valuation of Private Hydrogen Assets held through HydrogenOne Capital Growth Investments (1) LP (the "Limited Partnership")</b></p> <p><b>£126,206,000; (2022 £103,115,000)</b></p> <p>Refer to the Report of the Audit and Risk Committee (page 69), note 3 (material accounting policies), note 4 (investments held at fair value through profit or loss) and note 15 (financial instruments and capital disclosures).</p>	<p><b>Basis:</b> The Group and Company's investment in the Limited Partnership is carried at fair value through profit or loss and represents a significant proportion of the Group and Company's net assets. The fair value of the Limited Partnership has been determined as its net asset value, the most significant component of which is its underlying portfolio of non-controlling positions in unquoted hydrogen assets valued at £126,206,000 (2022: 103,115,000) ("Private Hydrogen Assets").</p> <p>As Private Hydrogen Assets are unquoted and illiquid, their fair values are determined through the application of valuation techniques. The application of valuation techniques requires the exercise of judgements in relation to the selection of the valuation technique employed and the assumptions and data used in their application.</p> <p>For the year ended 31 December 2023, Private Hydrogen Assets are valued, in accordance with the International Private Equity and Venture Capital Valuation 2022 ("IPEV") Guidelines using the approach laid out in the "Valuation of the Limited Partnership" policy on pages 88 to 89, utilising either a discounted cash flow ("DCF") technique; a probability weighted technique; or a cost plus accrued interest technique, (each a "Valuation Model").</p> <p><b>Risk:</b> The valuation of Private Hydrogen Assets is a significant risk area of our audit given that they represent a substantial portion of the Group and Company's net assets, and the selection and application of valuation techniques requires the exercise of judgements.</p> <p>The judgements inherent in the valuation approach may also expose the valuation of Private Hydrogen Assets to management bias.</p> <p>Therefore, there is a risk of material misstatement through error as well as a potential for fraud through possible management bias.</p> <p>We determined that the valuation of Private Hydrogen Assets have a high degree of estimation uncertainty giving rise to a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements disclose in note 4 the sensitivities estimated by the Group and Company.</p>	<p><b>Our audit procedures included:</b></p> <p><b>Control evaluation</b> We assessed the design and implementation of the Valuation Committee's review control in relation to the valuation of Private Hydrogen Assets.</p> <p><b>Challenging management's valuation approach</b> For each of the Private Hydrogen Assets, with the support of our KPMG valuation specialist, we:</p> <ul style="list-style-type: none"> <li>held discussions with the Investment Adviser to understand the valuation approach; and</li> <li>assessed and challenged the appropriateness of the valuation approach applied for compliance with IPEV.</li> </ul> <p><b>Valuation Model integrity, inputs and assumptions</b> For each of the Private Hydrogen Assets, we:</p> <ul style="list-style-type: none"> <li>tested the Valuation Model for mathematical accuracy including but not limited to material formula errors;</li> <li>corroborated material inputs used in the Valuation Model to supporting documentation;</li> <li>assessed and challenged the reasonableness of the assumptions applied in the Valuation Model; and</li> <li>with the support of our KPMG valuation specialist, for those valued utilising a DCF technique, benchmarked the discount rate and key macro-economic assumptions applied in the Valuation Model to observable market data and our KPMG valuation specialist's experience in valuing similar investments.</li> </ul> <p><b>Assessing disclosures</b> We considered the appropriateness of the Group and Company's investment valuation policies and the adequacy of the Group and Company's disclosures in relation to the use of estimates and judgements in arriving at fair value.</p> <p>We assessed whether the disclosures around the sensitivities to changes in key assumptions reflect the risks inherent in the valuation of the Private Hydrogen Assets.</p> <p><b>Our results</b> As a result of our procedures, we found the valuation of Private Hydrogen Assets and related disclosures to be acceptable.</p>

# Independent auditor's report

## Our application of materiality and an overview of the scope of our audit

Materiality for the parent and consolidated financial statements as a whole was set at £2,590,000, determined with reference to a benchmark of net assets of £132,670,000, of which it represents approximately 2.0% (2022: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the parent and consolidated financial statements as a whole. Performance materiality for the Group and the Company was set at 75% (2022: 75%) of materiality for the parent and consolidated financial statements as a whole, which equates to £1,940,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £129,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group and Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

## Going concern

The directors have prepared the parent and consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the parent and consolidated financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group and the Company's business model and analysed how those risks might affect the Group and the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to affect the Group and the Company's financial resources or ability to continue operations over this period was the availability of capital to meet operating costs and other financial commitments.

We considered whether this risk could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from this risk individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the parent and consolidated financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the parent and consolidated financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and the Company's use of that basis for the going concern period, and that statement is materially consistent with the parent and consolidated financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Company will continue in operation.

## Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Group’s policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as valuation of Private Hydrogen Assets. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group and Company’s revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- assessing significant accounting estimates for bias

Further detail in respect of valuation of Private Hydrogen Assets is set out in the key audit matter section of this report.

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the parent and consolidated financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

The Group is subject to laws and regulations that directly affect the parent and consolidated financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the parent and consolidated financial statements, for instance through the imposition of fines or litigation or impacts on the Group and the Company’s ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Group’s activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the parent and consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the parent and consolidated financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

# Independent auditor's report

## Other information

The directors are responsible for the other information, which comprises the strategic report, the directors' report and the other information included in the annual report, but does not include the parent and consolidated financial statements and our auditor's report thereon. Our opinion on the parent and consolidated financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our parent and consolidated financial statements audit work, the information therein is materially misstated or inconsistent with the parent and consolidated financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the parent and consolidated financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## Directors' remuneration report

In our opinion the part of the Directors' Remuneration Implementation Report to be audited has been properly prepared in accordance with the Companies Act 2006.

## Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the parent and consolidated financial statements and our audit knowledge. We have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement (page 55) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the viability statement (page 55) as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 55 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the consolidated financial statements and our audit knowledge.

## Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the parent and consolidated financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the parent and consolidated financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and parent and consolidated financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit and Risk Committee, including the significant issues that the Audit and Risk Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group and Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

## We have nothing to report on other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 71, the directors are responsible for: the preparation of the parent and consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of parent and consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the parent and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent and consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

David Alexander (Senior Statutory Auditor)  
For and on behalf of KPMG Channel Islands Limited (Statutory Auditor)  
Chartered Accountants  
Guernsey

17 April 2024

# Financial statements

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79 Parent and consolidated statement of comprehensive income

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80 Parent and consolidated statement of financial position

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81 Parent and consolidated statement of changes in equity

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82 Parent and consolidated statement of cash flows

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83 Notes to the parent and consolidated financial statements

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# Parent and consolidated statement of comprehensive income

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023			Year ended 31 December 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	4	-	9,150	9,150	-	3,177	3,177
(Losses)/gains on currency movements		-	(5)	(5)	-	1	1
<b>Gross investment gains</b>		<b>-</b>	<b>9,145</b>	<b>9,145</b>	<b>-</b>	<b>3,178</b>	<b>3,178</b>
Income	5	212	-	212	97	-	97
<b>Total gain</b>		<b>212</b>	<b>9,145</b>	<b>9,357</b>	<b>97</b>	<b>3,178</b>	<b>3,275</b>
Investment Adviser fee	6	(144)	-	(144)	(343)	-	(343)
Other expenses	7	(1,396)	(500)	(1,896)	(1,159)	(219)	(1,378)
<b>(Loss)/profit before finance costs and taxation</b>		<b>(1,328)</b>	<b>8,645</b>	<b>7,317</b>	<b>(1,405)</b>	<b>2,959</b>	<b>1,554</b>
Finance costs		-	-	-	-	-	-
<b>Operating (loss)/profit before taxation</b>		<b>(1,328)</b>	<b>8,645</b>	<b>7,317</b>	<b>(1,405)</b>	<b>2,959</b>	<b>1,554</b>
Taxation	8	-	-	-	-	-	-
<b>(Loss)/profit for the year</b>		<b>(1,328)</b>	<b>8,645</b>	<b>7,317</b>	<b>(1,405)</b>	<b>2,959</b>	<b>1,554</b>
<b>Return per Ordinary Share (basic and diluted)</b>	<b>12</b>	<b>(1.03)p</b>	<b>6.71p</b>	<b>5.68p</b>	<b>(1.14)p</b>	<b>2.41p</b>	<b>1.27p</b>

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

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 notes on pages 83 to 108 form an integral part of these Financial Statements.

# Parent and consolidated statement of financial position

As at 31 December 2023

	Notes	31 December 2023 £'000	31 December 2022 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments held at fair value through profit or loss	4	128,183	106,673
<b>Current assets</b>			
Cash and cash equivalents		4,626	18,192
Trade and other receivables	9	51	641
<b>Total current assets</b>		<b>4,677</b>	<b>18,833</b>
<b>Total assets</b>		<b>132,860</b>	<b>125,506</b>
<b>Current liabilities</b>			
Trade and other payables	10	(190)	(153)
<b>Total liabilities</b>		<b>(190)</b>	<b>(153)</b>
<b>Net assets</b>		<b>132,670</b>	<b>125,353</b>
<b>Equity</b>			
Share capital	11	1,288	1,288
Share premium account		124,928	124,928
Capital reserve		9,992	1,347
Revenue reserve		(3,538)	(2,210)
<b>Total equity</b>		<b>132,670</b>	<b>125,353</b>
<b>Net asset value per Ordinary Share</b>	<b>13</b>	<b>102.99p</b>	<b>97.31p</b>

Approved by the Board of Directors on and authorised for issue 17 April 2024 and signed on their behalf by:

Simon Hogan  
Director

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

The notes on pages 83 to 108 form an integral part of these Financial Statements.

# Parent and consolidated statement of changes in equity

For the year ended 31 December 2023

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 year	-	-	8,645	(1,328)	7,317
<b>Closing balance as at 31 December 2023</b>	<b>1,288</b>	<b>124,928</b>	<b>9,992</b>	<b>(3,538)</b>	<b>132,670</b>

For the year ended 31 December 2022

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	11	214	21,255	-	21,469
Ordinary Share issue costs	-	(456)	-	-	(456)
Profit/(loss) for the year	-	-	2,959	(1,405)	1,554
<b>Closing balance as at 31 December 2022</b>	<b>1,288</b>	<b>124,928</b>	<b>1,347</b>	<b>(2,210)</b>	<b>125,353</b>

The notes on pages 83 to 108 form an integral part of these Financial Statements.

# Parent and consolidated statement of cash flows

For the year ended 31 December 2023

Notes	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
<b>Cash flows from operating activities</b>		
Interest income	211	96
Dividend income	1	1
Management expenses	(2,040)	(1,734)
Foreign exchange (losses)/gains	(5)	1
Decrease/(increase) in trade and other receivables	590	(445)
Increase/(decrease) in trade and other payables	37	(93)
<b>Net cash flow used in operating activities</b>	<b>(1,206)</b>	<b>(2,174)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(12,472)	(36,718)
Sale of investments	112	2,052
<b>Net cash flow used in investing activities</b>	<b>(12,360)</b>	<b>(34,666)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of Ordinary Shares	11	–
Ordinary Share issue costs	11	–
<b>Net cash flow from financing activities</b>	<b>–</b>	<b>21,013</b>
<b>Decrease in cash and cash equivalents</b>	<b>(13,566)</b>	<b>(15,827)</b>
Cash and cash equivalents at start of year	18,192	34,019
<b>Cash and cash equivalents at end of year</b>	<b>4,626</b>	<b>18,192</b>

The notes on pages 83 to 108 form an integral part of these Financial Statements.

# Notes to the parent and consolidated 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 investments 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 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 the 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 company 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. Further details of the carried interest fees payable to the Carried Interest Partner are given in Note 6 to the Financial Statements.

### 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).

# Notes to the parent and consolidated financial statements

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.

## 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 does 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

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 31 December 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 (2022:£1). The General Partner had no income, expenditure or cash flows for the year (2022: nil).

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 principal accounting policies adopted are set out below. These policies are consistently applied.

### Accounting for subsidiaries

The Board of Directors has determined that the Company has all the elements of control as prescribed by IFRS 10 in relation to:

1. the Limited Partnership; as the Company is the sole limited partner in the Limited Partnership (100% of the Limited Partnership's commitments are held by the Company), is exposed to and has rights to the returns of the Limited Partnership, and has the ability through its control of the General Partner to affect the amount of its returns from the Limited Partnership; and
2. the General Partner; as the Company wholly owns the General Partner, is exposed to and has rights to the returns of the General Partner and has the ability through its control of the General Partner's activities to affect the amount of its returns from the General Partner.

The Investment entities exemption requires that an investment entity that has determined that it is a parent under IFRS 10 shall not consolidate certain of its subsidiaries; instead, it is required to measure its investment in these subsidiaries at fair value through profit or loss in accordance with IFRS 9. The criteria which define an investment entity are as follows:

- (i) the company obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- (ii) the company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (iii) the company measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company is an investment company, providing investors exposure to a diversified portfolio of hydrogen and complementary hydrogen focussed assets that are managed for investment purposes. The investments were made in line with the stated objective of the Company to deliver an attractive level of capital growth in accordance with the strategy that has been set by the Directors.

In assessing whether the Company meets the definition of an investment entity set out in IFRS 10 the Directors' note that:

- (i) the Company has multiple investors with shares issued publicly on the London Stock Exchange and obtains funds from a diverse group of shareholders who would otherwise not have access individually to investing in hydrogen focussed assets;
- (ii) the Company's purpose is to invest funds for capital appreciation but with potential for some investment income. The Limited Partnership has a ten-year life however the underlying assets have minimal residual value because they do not have unlimited lives, are not to be held indefinitely and have appropriate exit strategies in place; and
- (iii) the Company measures and evaluates the performance of all of its investments on a fair value basis which is the most relevant for investors in the Company. The Directors use fair value information as a primary measurement to evaluate the performance of all of the investments and in decision making.

The Directors assess each new investment carefully to determine whether the Company as a whole continues to meet the definition of an investment entity.

The Board of Directors has determined that the Company meets all the typical characteristics of an investment entity and therefore meets the definition set out in IFRS 10.

### Accounting for the Limited Partnership

The Limited Partnership serves as an asset holding entity and does not provide investment-related services. Therefore, when the Limited Partnership is assessed based on the overall structure as a means of carrying out the Company's activities, the Board of Directors has determined that the Limited Partnership meets the definition of an investment entity. Accordingly, the Company is required under IFRS 10 to hold its investment in the Limited Partnership at fair value through the Statement of Comprehensive Income rather than consolidate them. The Company has determined that the fair value of the Limited Partnership is its net asset value and has concluded that it meets the definition of an unconsolidated subsidiary under IFRS 12 and has made the necessary disclosures in these Financial Statements.

### Accounting for the General Partner

The General Partner provides investment related services to the Limited Partnership on behalf of the Company. IFRS 10 requires subsidiaries that provide services that relate to the investment entity's investment activities to be consolidated. Accordingly, the Company is required under IFRS 10 to consolidate the results of the General Partner.

The Directors agree that the investment entity accounting treatment outlined above appropriately reflects the Company's activities as an investment trust and provides the most relevant information to investors.

# Notes to the parent and consolidated financial statements

## Going concern

The Directors consider that it is appropriate to adopt the going concern basis in preparing the Financial Statements. 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 wars in Ukraine and the Middle East.

The Company and Group continue to meet day-to-day liquidity needs through its cash resources. The Company and Group had at 31 December 2023 unrestricted cash of £4.6 million (2022: £18.2 million) as well as £2.3 million (2022: £3.7 million) in Listed Hydrogen Assets. The Company and Group's net assets at 31 December 2023 were £132.7 million (2022: £125.4 million) and total expenses for the year ended 31 December 2023 were £2.0 million (2022: £1.7 million), which represented approximately 1.5% (2022: 1.5%) of the average net assets value of the Company in the year to 31 December 2023 of £129.4 million (2022: £116.8 million).

At the date of approval of these Financial Statements, the Company and Group had cash resources of £4.0 million and annual expenses are estimated to be £3.6 million.

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.

## Critical accounting judgements, estimates and assumptions

The preparation of Financial Statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of income and expense during the period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period and future periods if the revision affects both current and future periods.

## Judgements

### Investment entity

In accordance with the Investment Entities exemption contained in IFRS 10, the Board has determined that the Company satisfies the criteria to be regarded as an investment entity and that the Company provides investment related services and, as a result, measures its investment in the Limited Partnership at fair value.

The Limited Partnership serves as an asset holding entity and does not provide investment-related services. Therefore, when the Limited Partnership is assessed based on the overall structure as a means of carrying out the Company's activities, the Board of Directors has determined that the Limited Partnership meets the definition of an investment entity. Accordingly, the Company is required under IFRS 10 to hold its investment in the Limited Partnership at fair value through the Statement of Comprehensive Income rather than consolidate it.

The General Partner provides investment related services to the Limited Partnership on behalf of the Company. IFRS 10 requires subsidiaries that provide services that relate to the investment entity's investment activities to be consolidated. Accordingly, the Board of Directors have determined that the Company is required under IFRS 10 to consolidate the results of the General Partner. As described in the Reporting Entity section, the Financial Statements as presented represent both the Parent's and the Group's financial position, performance and cash flows.

These conclusions involved a degree of judgement and assessment as to whether the Company, the Limited Partnership and the General Partner met the criteria outlined in the accounting standards.

## Estimates

### *Investment valuations*

The key estimate in the Financial Statements is the determination of the fair value of the Private Hydrogen Assets, held by the Limited Partnership, by the Investment Adviser for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the Limited Partnership at the year end. The fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The key inputs considered in the valuation are described in note 15.

### **New standards, interpretations and amendments adopted from 1 January 2023**

#### *Effective in the current financial year*

The Board have assessed those new standards, interpretations, and/or amendments which became effective during the financial year under review and concluded they have no material impact to the Company.

### **New standards and amendments issued but not yet effective**

The relevant new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below.

- Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
- IFRS S1\* General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2\* Climate-related Disclosures

*\*Adoption by the UK to be confirmed*

The Board have assessed new but not yet effective standards applicable to the Company and have concluded that they will not have a material impact to the Company.

## **3. Material accounting policies**

### **(a) Financial instruments**

#### *Financial assets – Classification, recognition, derecognition and measurement*

The Company and Group's financial assets principally comprise of: investments held at fair value through profit or loss (Listed Hydrogen Assets and the Limited Partnership); and trade and other receivables, which are initially recognised at fair value and subsequently measured at amortised cost.

Financial assets are recognised in the Statement of Financial Position when the Company or Group become a party to the contractual provisions of the instrument. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Gains and losses resulting from the movement in fair value are recognised in the Statement of Comprehensive Income at each valuation point within 'gains/(losses) on investments'.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company or Group have transferred substantially all risks and rewards of ownership.

#### *Financial liabilities – Classification, recognition, derecognition and measurement*

The Company and Group's financial liabilities include trade and other payables and other short term monetary liabilities which are initially recognised at fair value and subsequently measured at amortised cost.

Financial liabilities are recognised in the Statement of Financial Position when the Company or Group become a party to the contractual provisions of the instrument. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Financial liabilities are subsequently measured at amortised cost.

# Notes to the parent and consolidated financial statements

A financial liability (in whole or in part) is derecognised when the Company or Group have extinguished the contractual obligations, it expires or is cancelled.

## *Valuation of Listed Hydrogen Assets*

Upon initial recognition Listed Hydrogen Assets are classified by the Company and Group 'at fair value through profit or loss'. They are accounted for on the date they are traded and are included initially at fair value which is taken to be their cost. Subsequently they are valued at fair value, which is the bid market price, or if bid price is unavailable, last traded price on the relevant exchange.

## *Valuation of the Limited Partnership*

The Company may make investments in Private Hydrogen Assets directly, via the Limited Partnership and/or by way of holdings in special purpose vehicles or intermediate holding entities. Currently, all the Company's Private Hydrogen Assets are held via the Limited Partnership.

The Company and Group has determined that the fair value of the Limited Partnership is the Limited Partnership's Net Asset Value ("NAV"). The NAV of the Limited Partnership is prepared in accordance with accounting policies that are consistent with IFRS and consists of the fair value of its Private Hydrogen Assets, and the carrying value of its assets and liabilities.

The Investment Adviser values the Private Hydrogen Assets according to IPEV Guidelines. The valuation techniques available under IPEV Guidelines are set out below and are followed by an explanation of how they are applied to the Private Hydrogen Assets:

- Discounted cash flows ("DCF");
- Price of recent investment;
- Multiples;
- Industry Valuation Benchmarks;
- Available Market Prices; and
- Net Assets

The nature of the Private Hydrogen Assets will influence the valuation technique applied. The valuation approach recognises that, as stated in the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. Consideration is given to the facts and circumstances as at the subsequent measurement date such as changes in the market or performance of the investee company including whether maintainable revenues and/or earnings have been established. Milestone analysis is used, where appropriate, to incorporate the operational progress of the investee company into the valuation.

As a result, various techniques may be employed to derive the valuations. However, an absence of relevant industry peers may preclude the application of the industry valuation benchmarks technique and an absence of observable prices may preclude the available market prices approach. All valuations are calibrated and are cross-checked for reasonableness by employing relevant alternative techniques.

Private Hydrogen Assets, which are operational companies, are valued using either the price of recent investment; the DCF method; or a combination of the DCF method and the price of recent investment. The valuations are weighted towards the DCF method 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). The impact of this weighted approach is that there will be either an effective discount or a premium to the full DCF valuation over the tapering period. The valuations derived from this approach have been assessed for reasonableness against relevant market comparables, where available, and calibrated against specific milestones for indications of positive or negative performance which may impact valuations. Where negative performance indicates that the valuation of a Private Hydrogen Asset may have deteriorated substantially then alternative valuation approaches may be incorporated into the valuation model that reflect reasonable possible outcomes, such as net assets and indicative offers, and a probability weighting is applied to each.

Private Hydrogen Assets, which are hydrogen project SPVs, are valued based on the underlying project's stage of completion:

- prior to commercial operation date, hydrogen project SPVs are valued using a risk adjusted DCF method;
- post commercial operation date, hydrogen project SPVs are valued in the same way as Private Hydrogen Assets, which are operational companies, as described above; and
- project development loans advanced directly by the Limited Partnership to a project during the project development phase are held at cost plus accrued interest (deemed to approximate fair value), and are reviewed at each valuation date for any indicators that this approach may no longer be representative of fair value.

In a DCF valuation, the fair value represents the present value of the investment's expected future cash flows, based on appropriate assumptions for revenues and costs, and suitable cost of capital assumptions. Judgement is applied in arriving at appropriate discount rates, based on the knowledge of the market, taking into account market intelligence gained from bidding activities, discussions with financial advisers, consultants, accountants and lawyers and publicly available information.

A range of sources are reviewed in determining the underlying assumptions to apply in a DCF valuation used in calculating the fair value of a Private Hydrogen Asset. These sources include but are not limited to:

- macroeconomic projections adopted by the market as disclosed in publicly available resources;
- macroeconomic forecasts provided by expert third party economic advisers;
- discount rates publicly disclosed in the global renewables sector;
- discount rates applicable to comparable infrastructure asset classes, which may be procured from public sources or independent third-party expert advisers;
- discount rates publicly disclosed for comparable market transactions of similar assets; and
- capital asset pricing model outputs and implied risk premia over relevant risk-free rates. Where available, assumptions are based on observable market and technical data.

#### **(b) Foreign currency**

##### *Functional and presentation currency*

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates, the functional currency. The Financial Statements are presented in Pounds Sterling which is the Company and Group's functional and presentation currency.

##### *Transactions and balances*

Foreign currency transactions are translated into Pounds Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

#### **(c) Income**

Dividend income has been accounted for on an ex-dividend basis or when the right to the income is established. Investment interest income for the year is recognised in the Statement of Comprehensive Income using effective interest method calculation. Bank interest income is recognised for the year in the Statement of Comprehensive Income on a receipts basis. Special dividends are credited to capital or revenue in the Statement of Comprehensive Income, according to the circumstances surrounding the payment of the dividend. Overseas dividends are included gross of withholding tax recoverable.

#### **(d) Dividend payable**

Interim dividends are recognised when the Company pays the dividend. Final dividends are recognised in the period in which they are approved by the shareholders.

#### **(e) Expenses**

All expenses are accounted for on an accruals basis. Expenses directly related to the acquisition or disposal of an investment (transaction costs) are taken to the Statement of Comprehensive Income as a capital item. All other expenses, including Investment Adviser fees, are taken to the Statement of Comprehensive Income as a revenue item.

#### **(f) Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the financial reporting date.

Where expenses are allocated between capital and revenue any tax relief in respect of the expenses is allocated between capital and revenue returns on the marginal basis using the Company's effective rate of corporation taxation for the relevant accounting period.

# Notes to the parent and consolidated financial statements

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the financial reporting date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the financial reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the timing differences can be deducted. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.

Since the General Partner does not have any income or expenditure in the period, the Group tax position is the same as the Company tax position.

## (g) 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 focussed investments. Segment information is measured on the same basis as that used in the preparation of the Company's Financial Statements.

## (h) Cash and cash equivalents

Cash comprises cash and demand deposits. Cash equivalents, include bank overdrafts, and short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risks of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

## (i) Nature and purpose of equity and reserves:

Share capital represents the 1p nominal value of the issued share capital.

The share premium account arose from the net proceeds of new shares issued. Costs directly attributable to the issue of new shares are charged against the value of the ordinary share premium.

The capital reserve reflects any:

- gains or losses on the disposal of investments;
- exchange movements of a capital nature;
- the increases and decreases in the fair value of investments which have been recognised in the capital column of the Statement of Comprehensive Income; and
- expenses which are capital in nature.

The revenue reserve reflects all income and expenditure recognised in the revenue column of the Statement of Comprehensive Income and is distributable by way of dividend.

The Company's distributable reserves consist of the revenue reserve and the capital reserve. However any gains in the fair value of investments that are not readily convertible to cash are treated as unrealised gains in the capital reserve and are non-distributable.

Ordinary Shares are classified as equity.

# Notes to the parent and consolidated financial statements

## 4. Investments held at fair value through profit or loss

### (a) Summary of valuation

	31 December 2023 £'000	31 December 2022 £'000
<b>Investments held at fair value through profit or loss</b>		
Listed Hydrogen Assets	2,322	3,667
Limited Partnership	125,861	103,006
<b>Closing valuation of financial assets at fair value through profit or loss</b>	<b>128,183</b>	<b>106,673</b>

### (b) Movements in valuation

	£'000	£'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	12,398	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 year	117,577	105,247
Unrealised losses on investments – Listed Hydrogen Assets	(5,299)	(4,022)
Unrealised gains on investments – Limited Partnership	15,905	5,448
<b>Closing valuation of financial assets at fair value through profit or loss</b>	<b>128,183</b>	<b>106,673</b>

### (c) Gain/(loss) on investments

	£'000	£'000
Movement in unrealised loss – Listed Hydrogen Assets	(1,277)	(2,794)
Movement in unrealised gains – Limited Partnership	10,457	5,828
Realised (losses)/gains on investments – Listed Hydrogen Assets	(30)	143
<b>Total gain on investments</b>	<b>9,150</b>	<b>3,177</b>

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.

# Notes to the parent and consolidated financial statements

## 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 year ended 31 December 2023 (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:

	31 December 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed Hydrogen Assets	2,322	-	-	2,322
Limited Partnership	-	-	125,861	125,861
	2,322	-	125,861	128,183

	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
	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 31 December 2023 is £125,861,000 (2022: £103,006,000). The movement on the Level 3 investments during the year is shown below:

	31 December 2023 £'000	31 December 2022 £'000
Opening balance	103,006	60,597
Investment in Limited Partnership	12,398	36,581
Movement in unrealised gains on investment in Limited Partnership	10,457	5,828
Closing balance	125,861	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 year end, the Limited Partnership held ten Private Hydrogen Assets (2022: nine).

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

	31 December 2023 £'000	31 December 2022 £'000
Investment in Private Hydrogen Assets	126,206	103,115
Plus/(minus): net other assets/(liabilities)	(345)	(109)
NAV of the Limited Partnership	125,861	103,006

The Level 3 Private Hydrogen Assets are valued by the Investment Adviser using the valuation techniques as outlined in note 3. The key inputs considered in the valuation are described in note 15.

At 31 December 2023, the valuations of the Limited Partnership's underlying investments in Private Hydrogen Assets were determined as follows:

Name	Country of Incorporation	Value of Investment £'000	Primary valuation technique	Significant unobservable inputs	Range input
Sunfire GmbH	Germany	27,068	DCF	Discount rates	11.3%-12.4%
Elcogen Group plc	United Kingdom	24,430	DCF	Discount rates	13.1%-13.9%
Strohm Holding BV	Netherlands	19,719	DCF	Discount rates	14.4%-15.4%
HiiROC Limited	United Kingdom	13,701	DCF	Discount rates	13.8%-14.9%
Cranfield Aerospace Solutions Limited	United Kingdom	11,870	DCF	Discount rates	17.5%-18.6%
Bramble Energy Limited	United Kingdom	10,621	DCF	Discount rates	16.0%-17.1%
HH2E AG	Germany	6,971	DCF	Discount rates (project SPVs & Company)	12.0%; and 16.5%-17.6%
				Discount rates applied in DCF	15.3%-15.9%
			Probability weighted approach incorporating DCF, indicative offers and net assets*	Net Assets	n/a
NanoSUN Limited	United Kingdom	5,428		Weighting	10%-50%*
GEN2 Energy AS	Norway	4,443	DCF	Discount rates (project SPVs & Company)	12.0%; and 16.7%-17.6%
HH2E Werk Thierbach GmbH	Germany	1,955	Loan principal and accrued interest	N/a	N/a

At 31 December 2022, the valuation of the Limited Partnership's underlying investment in Private Hydrogen Assets was determined as follows.

Name	Country of Incorporation	Value of Investment £'000	Primary valuation technique	Significant unobservable inputs	Range input
				Discount rates applied in full DCF valuation	12.1% - 12.4%
Sunfire GmbH	Germany	21,763	Weighted DCF and Price of Recent Investment	Weighting between Price of Recent Investment and DCF valuation <sup>1</sup>	(4)%
				Discount rates applied in full DCF valuation	12.5% - 13.0%
Elcogen Group plc	United Kingdom	20,430	Weighted DCF and Price of Recent Investment	Weighting between Price of Recent Investment and DCF valuation <sup>1</sup>	4%

<sup>1</sup>In deriving the fair value of NanoSUN a probability weighted approach was applied whereby a valuation for the investment was derived from each technique (DCF, indicative offers and net assets), each of which represented management's assessment of the fair value for the investment in the reasonable possible scenarios that may have transpired, as of the valuation date. A percentage likelihood (aggregating to 100% across each of the three techniques) was then applied to each of these valuations, which represented management's view of the probability of each scenario transpiring, as of the valuation date. The range of inputs disclosed represent the lowest and highest discreet percentages applied to the three scenarios.

# Notes to the parent and consolidated financial statements

Name	Country of Incorporation	Value of Investment £'000	Primary valuation technique	Significant unobservable inputs	Range input
				Discount rates applied in full DCF valuation	12.5% – 12.8%
Strohm Holding BV	Netherlands	11,606	Weighted DCF and Price of Recent Investment	Weighting between Price of Recent Investment and DCF valuation <sup>1</sup>	(31)%
HiiROC Limited	United Kingdom	12,914	DCF	Discount rates	13.5%
				Discount rates applied in full DCF valuation	13.5%
Cranfield Aerospace Solutions Limited	United Kingdom	6,296	Weighted DCF and Price of Recent Investment	Weighting between Price of Recent Investment and DCF valuation <sup>1</sup>	(20)%
				Discount rates applied in full DCF valuation	13.4% – 13.6%
Bramble Energy Limited	United Kingdom	10,032	Weighted DCF and Price of Recent Investment	Weighting between Price of Recent Investment and DCF valuation <sup>1</sup>	24%
				Discount rates applied in full DCF valuation	12.1% – 12.4%
HH2E AG	Germany	5,134	Weighted DCF and Price of Recent Investment	Weighting between Price of Recent Investment and DCF valuation <sup>1</sup>	6%
				Discount rates applied in full DCF valuation	13.4% – 13.6%
NanoSUN Limited	United Kingdom	11,519	Weighted DCF and Price of Recent Investment	Weighting between Price of Recent Investment and DCF valuation <sup>1</sup>	(10)%
				Discount rates applied in full DCF valuation	13.0%
GEN2 Energy AS	Norway	3,421	Weighted DCF and Price of Recent Investment	Weighting between Price of Recent Investment and DCF valuation <sup>1</sup>	(10)%

<sup>1</sup> This is the effective discount or premium to the full DCF valuation, as a result of application of the weighted valuation in line with the valuation methodology described in note 3. A negative percentage denotes that the weighted valuation is at a discount to the full DCF valuation; whilst a positive percentage denotes that the weighted valuation is at a premium to the full DCF valuation.

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.

Unobservable input	Possible reasonable change in input	Effect on fair value of investments £'000	
		31 December 2023	31 December 2022
Discount rates applied in full DCF valuation	+1%	(7,767)	(6,515)
	-1%	8,584	7,815
Weighting between DCF, indicative offers and Net Asset valuation	+/- 10% weighting to DCF	968/(968)	n/a
	+/- 10% weighting to indicative offers	124/(124)	n/a
	+/- 10% weighting to Net Assets	(1,092)/1,092	n/a
Weighting between Price if Recent Investment and full DCF Valuation	plus one calendar quarter of tapering from Price of Recent Investment to full DCF valuation	n/a	(324)
	minus one calendar quarter of tapering from Price of Recent Investment to full DCF valuation	n/a	286

The European Central Bank ('ECB') and the Bank of England ('BOE') base rates at 31 December 2023 were 4.5% and 5.25% respectively. We anticipate that the base rates will ease and fall (based on independent research) reaching 2.50% for ECB and 3.00% for BOE by end of 2025. Since long term gilt yields already factor in long term forecasts, we have performed sensitivities of +/- 1% on the discount rate assumptions for any shock events. At 31 December 2022, the ECB and the BOE base rates were 2.5% and 3.5% respectively. We anticipated that the terminal base rate hikes (based on independent research) could reach 3.75% for ECB and 4.75% for BOE and as such, performed sensitivities of +/- 1% on the discount rate assumptions.

For the year ended 31 December 2023, the NanoSUN Limited valuation is weighted between DCF, indicative offers and Net assets based on the expected likelihood of each scenario occurring. We have applied a sensitivity of +/- 10% weighting to each scenario, with the movement being shared equally with the remaining two scenarios, as this is deemed to be a reasonable possible shift in the scenario weightings as of the valuation date.

For the year ended 31 December 2022, 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 and project development loans held at cost plus accrued interest, 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. Income

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Overseas dividend income	1	1
Bank interest	211	96
<b>Total income</b>	<b>212</b>	<b>97</b>

# Notes to the parent and consolidated financial statements

## 6. Investment Adviser fee

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment Adviser fee	144	–	144	343	–	343

At 31 December 2023 an amount of £nil (2022: £12,554) was payable to the Investment Adviser in respect of the Investment Adviser fee.

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 31 December 2023, £nil in respect of excess IPO issue costs is due to be received from the Investment Adviser (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 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 their investment in Private Hydrogen Assets for 18 months following Admission to 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 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. As at 31 December 2023, in the Limited Partnership, there is unrealised carried interest fee payable of £403,343 (year to 31 December 2022: £nil).

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 year totalled £1,723,369 (31 December 2022: £1,181,069). During the year 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 (31 December 2022: £nil).

## 7. Other expenses

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Administration & Secretarial Fees	205	193
AIFM Fees	97	83
Directors' Fees	192	173
Custodian Charges	50	50
Brokers Fees	66	60
Registrar's Fees	21	23
Website Fees	39	44
Legal Fees	30	21
LSE Fees	15	11
Audit Fees	162	118
D & O Insurances	47	49
PR & Marketing	262	212
Printing Fees	38	30
Other expenses	172	92
<b>Total revenue expenses</b>	<b>1,396</b>	<b>1,159</b>
<b>Expenses charged to capital:</b>		
Capital transaction costs	500	219
<b>Total expenses</b>	<b>1,896</b>	<b>1,378</b>

During the year, no non-audit service fees were paid.

Costs of £500,000, incurred during the year ended 31 December 2022, applicable to the share issuance Circular and Prospectus published in September 2022 (the "share issuance Circular and Prospectus"), which were recognised as trade and other receivables as at 31 December 2022, were released from trade and other receivables to abort costs in the Statement of Comprehensive Income for the year ended 31 December 2023 as no shares had been issued at the Circular and Prospectus expiry date in September 2023. These costs included non-audit service costs applicable to the share issuance Circular and Prospectus (KPMG UK LLP received £42,000 which was inclusive of VAT of £7,000).

# Notes to the parent and consolidated financial statements

During the year to 31 December 2022, where non-audit services were carried out in relation to a further secondary share issuance that was aborted, the costs (KPMG received £75,000; and KPMG UK LLP received £108,000 which was inclusive of VAT of £18,000) were treated as a capital expense (abort costs) disclosed in the Statement of Comprehensive Income

Each of these non-audit services provided during the year to 31 December 2022 were required by law or regulation and were therefore permissible non-audit services under the FRC Ethical Standard.

## 8. Taxation

### (a) Analysis of charge in the year

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas tax	-	-	-	-	-	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Factors affecting total tax charge for the year

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Loss)/profit on ordinary activities before taxation	(1,328)	8,645	7,317	(1,405)	2,959	1,554
Corporation tax at 23.52%	(312)	2,033	1,721	(267)	562	295
<b>Effects of:</b>						
Non-taxable (gains)/losses on investments	-	(2,151)	(2,151)	-	(604)	(604)
Excess management expenses not utilised in year	312	30	342	267	-	267
Disallowable expenses	-	88	88	-	42	42
Overseas tax	-	-	-	-	-	-
<b>Total tax charge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Company is not liable to tax on capital gains due to its status as an investment trust. The Company and Group has an unrecognised deferred tax asset of £963,000 (2022: £600,000) as a result of excess management expenses of £3,853,000 (2022: 2,400,000), based on the long term prospective corporation tax rate of 25%.

This asset has accumulated because deductible expenses exceeded taxable income for the year ended 31 December 2023 and prior periods. No asset has been recognised in the Financial Statements because, given the composition of the Company and Group's portfolio, it is not likely that this asset will be utilised in the foreseeable future.

## 9. Trade and other receivables

	31 December 2023 £'000	31 December 2022 £'000
Prepayments	41	37
Other receivables	10	604
	51	641

At 31 December 2022 other receivables included £470,000 in respect of costs applicable to the share issuance Circular and Prospectus (£470,000) published in September 2022 and expiring in September 2023. These costs were reclassified as abort costs in the Statement of Comprehensive Income in 2023 as no shares had been issued at the Circular and Prospectus expiry date.

## 10. Trade and other payables

	31 December 2023 £'000	31 December 2022 £'000
Amounts falling due within one year:		
Accrued expenses	190	153
	190	153

## 11. Share capital

	31 December 2023		31 December 2022	
	No. of shares	Nominal value of shares (£)	No. of shares	Nominal value of shares (£)
Allotted, issued and fully paid Ordinary Shares of 1p each:				
Brought forward	128,819,999	1,288,199.99	107,350,000	1,073,500.00
Allotted/redeemed following admission to LSE				
Ordinary Shares issued	-	-	21,469,999	214,699.99
Closing balance as at 31 December	128,819,999	1,288,199.99	128,819,999	1,288,199.99

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 year therefore there were no Treasury shares at the end of the year.

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.

Costs applicable to the share issuance Circular and Prospectus issued in September 2022 totaling £500,000 were treated as an other debtor at 31 December 2022 (£470,000) or accrued during the year (£30,000). These costs were reclassified as abort costs in the Statement of Comprehensive Income for the year ended 31 December 2023 as no shares had been issued at the Circular and Prospectus expiry date in September 2023.

## 12. Return per ordinary share

Return per share is based on the weighted average number of Ordinary Shares in issue during the year ended 31 December 2023 of 128,819,999 (2022: 122,878,985).

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Loss)/profit for the year(£'000)	(1,328)	8,645	7,317	(1,405)	2,959	1,554
Return per Ordinary Share	(1.03)p	6.71p	5.68p	(1.14)p	2.41p	1.27p

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

## 13. Net asset value per ordinary share

	31 December 2023 £'000	31 December 2022 £'000
Net Asset Value (£'000)	132,670	125,353
Ordinary Shares in issue	128,819,999	128,819,999
NAV per Ordinary Share	102.99p	97.31p

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

# Notes to the parent and consolidated financial statements

## 14. Related party transactions and material contracts

### Directors

During the year fees were payable to the Directors at an annual rate of £68,250 to the Chairman (2022: £65,000), £57,750 to the Chairman of the Audit and Risk Committee (2022: £55,000) and £47,250 to the other Directors (2022: £45,000) with the exception of Mr Bucknall who is not remunerated for his role as a Non-Executive Director. These fees were effective from 1 January 2023. Details of the Directors remuneration paid during the year is given in note 7. At the year end, the Directors had the following holdings in the Company:

	Ordinary Shares at 31 December 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 6. At 31 December 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 Ordinary Shares). Transactions between the Company and the Investment Adviser during the year are disclosed in note 6.

### 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. On 31 October 2022, INEOS Energy transferred its holding of 25 Million Ordinary Shares to its immediate parent, INEOS Offshore BCS Limited. At 31 December 2023, INEOS Offshore BCS held 25 million Ordinary Shares of the Company (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.

### Carried Interest and General Partners

Details of the Carried Interest Partner and General Partner and any applicable fees and unrealised carried interest are shown in note 6.

### 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 (formerly Sanne Fund 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.

#### 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.

## 15. Financial instruments and capital disclosures

### Risk Management Policies and Procedures

The Board of Directors has overall responsibility for the establishment and oversight of the Company and Group's risk management framework. The risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company and Group's activities.

The Investment Adviser, AIFM and the Administrator report to the Board on a quarterly basis and provide information to the Board which allows it to monitor and manage financial risks relating to its operations. The Company and Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk. These risks are monitored by the AIFM. Below is a non-exhaustive summary of the risks that the Company and Group are exposed to as a result of its use of financial instruments.

# Notes to the parent and consolidated financial statements

The objectives, policies and processes for managing the risks, and the methods used to measure the risks, are set out below:

## Market Risks

### (i) Currency risk

Foreign currency risk is defined as the risk that the fair values of future cashflows will fluctuate because of changes in foreign exchange rates. The financial assets and liabilities are predominantly denominated in Pounds Sterling and substantially all revenues and expenses are in Pounds Sterling. As at the 31 December 2023 and 31 December 2022, the Company and Group had the following currency exposures, all of which are included in the Statement of Financial Position at fair value based on the exchanges rates at the year end.

Currency	31 December 2023				31 December 2022			
	Investments £'000	Cash £'000	Other assets & liabilities £'000	Total £'000	Investments £'000	Cash £'000	Other assets & liabilities £'000	Total £'000
Danish Krone	180	-	-	180	132	-	-	132
Euro	806	-	-	806	1,246	-	-	1,246
Korean Won	501	-	-	501	667	-	-	667
Norwegian Krone	259	-	-	259	609	-	-	609
Swedish Krona	3	-	-	3	230	-	-	230
US Dollar	213	-	-	213	344	-	-	344
	1,962	-	-	1,962	3,228	-	-	3,228

The Company and Group mitigate the risk of loss due to exposure to a single currency by way of diversification of the portfolio. The Limited Partnership's non Pound Sterling denominated assets may have currency exposure hedged by Forward Exchange Contracts so that impact from currency exchange rate movements would be mitigated. At 31 December 2023, the Company and Group have not hedged the value of non-Pound Sterling denominated investments. This increases foreign currency risk and may increase volatility of the Company and Group's net asset value. At 31 December 2022, the Limited Partnership's non Pound Sterling denominated assets had currency exposure hedged by Forward Exchange Contracts so that the impact from currency exchange rate movement was mitigated.

At 31 December 2023, an exchange rate movement of +/-5% against Pounds Sterling, which is a reasonable approximation of possible changes based on observed volatility during the year, would have increased or decreased net assets and total return by £98,100 (2022: £161,400).

### (ii) Interest rate risk

The Company and Group's interest rate risk on interest bearing financial assets is limited to interest earned on cash balances. At the year end, the Company and Group had cash balances of £4,626,000 (£2022: £18,192,000). An increase in interest rates of 2.0%, which is reasonable based upon changes in interest rates observed in the year, would impact the profit or loss and net assets of the Company and Group positively by £92,520, with a decrease of 2.0% having an equal and opposite effect (2022: an increase or decrease of 3% would have had a positive or negative affect of £545,760).

The Company and Group's interest and non-interest bearing assets and liabilities as at 31 December 2023 and 31 December 2022 are summarised below:

	31 December 2023			31 December 2022		
	Interest bearing £'000	Non-interest bearing £'000	Total £'000	Interest bearing £'000	Non-interest bearing £'000	Total £'000
<b>Assets</b>						
Cash and cash equivalents	4,626	-	4,626	18,192	-	18,192
Trade and other receivables	-	51	51	-	641	641
Investments held at fair value through profit or loss – Listed Hydrogen Assets	-	2,322	2,322	-	3,667	3,667
Investments held at fair value through profit or loss – Limited Partnership	-	125,861	125,861	-	103,006	103,006
<b>Total assets</b>	<b>4,626</b>	<b>128,234</b>	<b>132,860</b>	<b>18,192</b>	<b>107,314</b>	<b>125,506</b>
<b>Liabilities</b>						
Trade and other payables	-	(190)	(190)	-	(153)	(153)
<b>Total liabilities</b>	<b>-</b>	<b>(190)</b>	<b>(190)</b>	<b>-</b>	<b>(153)</b>	<b>(153)</b>

### (iii) Price risk

#### Listed Hydrogen Assets

Price risk is defined as the risk that the fair value of a financial instrument held by the Company or Group will fluctuate. Listed Hydrogen Assets are measured at fair value through profit or loss. As of 31 December 2023, the Company and Group held Listed Hydrogen Assets with an aggregate fair value of £2,322,000 (2022: £3,667,000).

All other things being equal, the effect of a 10% increase or decrease in the value of the investments held at the year end would have been an increase or decrease of £232,200 in the Company and Group's loss after taxation for the year ended 31 December 2023 and the Company and Group's net assets at 31 December 2023 (2022: £366,700).

At 31 December 2023, the sensitivity rate of 10% is regarded as reasonable due to the actual market price volatility experienced as a result of the economic impact on the Listed Hydrogen Assets.

#### Private Hydrogen Assets

The Limited Partnership's portfolio of Private Hydrogen Assets is not necessarily affected by market performance, however the valuations may be affected by the performance of the underlying investments in line with the valuation criteria in note 3.

The Private Hydrogen Assets sensitivity analysis in note 4 recognises that the valuation methodologies employed involve different levels of subjectivity in their inputs primarily driven by changes in discount rate assumptions and weighting of the techniques employed.

#### Key variable inputs of Private Hydrogen Assets

The variable inputs applicable to each broad category of valuation basis will vary depending on the particular circumstances of each Private Hydrogen Asset valuation. An explanation of each of the key variable inputs is provided below and includes an indication of the range in value for each input, where relevant.

#### Selection of appropriate discount rates

The selection of an appropriate discount rate is assessed individually for each Private Hydrogen Asset. Publicly disclosed discount rates in the relevant sector and comparable asset classes, which may be procured from public sources or independent third-party expert advisers or for comparable market transactions of similar assets are used where available.

# Notes to the parent and consolidated financial statements

## *Selection of appropriate benchmarks*

The selection of appropriate benchmarks is assessed individually for each Private Hydrogen Asset. The industry and geography of each Private Hydrogen Asset are key inputs to the benchmark selection, with either one or two key indices or benchmarks being used for comparison.

## *Selection of comparable companies*

The selection of comparable companies is assessed individually for each Private Hydrogen Asset at the point of investment, and the relevance of the comparable companies is continually evaluated at each valuation point. The key criteria used in selecting appropriate comparable companies are the industry sector in which they operate and the geography of the Private Hydrogen Asset's operations.

## *Application of valuation basis*

Each Private Hydrogen Asset is assessed, and the valuation basis applied will vary depending on the circumstances of each Private Hydrogen Asset. DCF will be considered where appropriate forecasts are available. The valuation will also consider any recent transactions, where appropriate. For those Private Hydrogen Assets where a trading multiples approach can be taken, the methodology will factor in revenue, earnings or net assets as appropriate for the Private Hydrogen Asset.

## *Estimated sustainable earnings and cash flows*

The selection of sustainable revenue or earnings and cash flows will depend on whether the Private Hydrogen Asset is sustainably profitable or not, and where it is not then sustainable revenues will be used in the valuation. The valuation approach will typically assess Private Hydrogen Assets based on the last twelve months of revenue or earnings, as they are the most recent available and therefore viewed as the most reliable. Where a Private Hydrogen Asset has reliably forecasted earnings previously or there is a change in circumstance at the business which will impact earnings going forward, then forward estimated revenue or earnings may be used instead.

## *Application of liquidity discount*

A liquidity discount may be applied either through the calibration of a valuation against the most recent transaction, or by application of a specific discount.

## **Credit risk**

The Company and Group are exposed to credit risk in respect of trade and other receivables and cash at bank. For risk management reporting purposes, the Company and Group considers and aggregates all elements of credit risk exposure (such as individual obligation default risk, country risk and sector risk).

	<b>31 December 2023 £'000</b>	<b>31 December 2022 £'000</b>
Trade and other receivables	51	641
Cash and cash equivalents	4,626	18,192
<b>Total</b>	<b>4,677</b>	<b>18,833</b>

The cash and cash equivalents are held with Northern Trust Bank, EFG International Bank, Royal Bank of Scotland and through the Goldman Sachs- Liquid reserve fund. The Fitch Rating credit rating of Northern Trust Bank is AA (2022: AA), EFG international Bank is A (2022: A), Royal Bank of Scotland A+ (2022: A+) and the Goldman Sachs Liquid reserve fund is AAA (2022: AAA).

At the year end there were no trade and receivables past due. The credit risk exposure is minimised by dealing with financial institutions with investment grade credit ratings.

### Liquidity risks

Liquidity risk is the risk that the Company or Group may not be able to meet a demand for cash or fund an obligation when due. The Investment Adviser, AIFM and the Board continuously monitor forecast and actual cashflows from operating, financing and investing activities to consider payment of dividends, or further investing activities.

Financial assets and liabilities by maturity at the year end are shown below:

	31 December 2023			31 December 2022		
	Less than 1 year £'000	1-5 years £'000	Total £'000	Less than 1 year £'000	1-5 years £'000	Total £'000
<b>Assets</b>						
Investments at fair value through profit or loss – Listed Hydrogen Assets	2,322	–	2,322	3,667	–	3,667
Investments at fair value through profit or loss – Limited Partnership	–	125,861	125,861	–	103,006	103,006
Trade and other receivables	51	–	51	641	–	641
Cash and cash equivalents	4,626	–	4,626	18,192	–	18,192
<b>Total assets</b>	<b>6,999</b>	<b>125,861</b>	<b>132,860</b>	<b>22,500</b>	<b>103,006</b>	<b>125,506</b>
<b>Liabilities</b>						
Trade and other payables	(190)	–	(190)	(153)	–	(153)
<b>Total liabilities</b>	<b>(190)</b>	<b>–</b>	<b>(190)</b>	<b>(153)</b>	<b>–</b>	<b>(153)</b>

### Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the activities relating to financial instruments, either internally or on the part of service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

Operational risk is managed so as to balance the limiting of financial losses and reputational damage with achieving the investment objective of generating returns to investors. The AIFM works with the Board to identify the risks facing the Company and the Limited Partnership. The key risks are documented and updated in the Risk Matrix by the AIFM. The primary responsibility for the development and implementation of controls over operational risk rests with the Board.

This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers. The Directors' assessment of the adequacy of the controls and processes in place at service providers with respect to operational risk is carried out through having discussions with and reviewing reports, including those on their internal controls, from the service providers.

# Notes to the parent and consolidated financial statements

## Capital Management Policies and Procedures

The Company and Group's capital management objectives are to ensure that the Company and Group will be able to continue as a going concern while maximising the return to equity shareholders.

In accordance with the investment objective, the principal use of cash (including the proceeds of the IPO and placings) is investing in hydrogen focussed assets, as well as expenses related to the share issue when they occur, ongoing operational expenses and payment of dividends and other distributions to shareholders in accordance with the Company's dividend policy.

The Company and Group considers their capital to comprise share capital, distributable reserves and retained earnings. The Company and Group are not subject to any externally imposed capital requirements. The Company and Group's share capital, distributable reserves and retained earnings are shown in the Statement of Financial Position at a total £132,670,000 (2022: £125,353,000).

## 16. Subsidiary and related entities

### Subsidiary

The Company owns 100% of HydrogenOne Capital Growth (GP) Limited as at 31 December 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 is a cross guarantee in place between the Company and the Limited Partnership in respect of margin requirements on the Limited Partnership's forward currency contracts. At 31 December 2023 the Limited Partnership had no exposure to forward currency contracts (2022: £1,451,927). There are no other cross guarantees amongst related entities. Below are details of the unconsolidated Private Hydrogen Asset held through the Limited Partnership.

31 December 2023

Name	Purpose of the entity	Country of Incorporation	Value of investment £'000	Total assets as at 31 December 2023 (unaudited) £'000	Effective ownership (% rounded)	Registered address
Sunfire GmbH	Electrolyzer producer	Germany	27,068	157,197	5%	Gasanstaltstraße 2 01237 Dresden, Germany
Elcogen Group plc	Solid oxide fuel cell supply	United Kingdom	24,430	51,445	9%	Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH
Strohm Holding BV	Supplier of thermoplastic composite pipe	Netherlands	19,719	62,082	20%	Monnickendamkade 1, 1976 EC IJmuiden
HiiROC Limited	Supplier of clean hydrogen production technology	United Kingdom	13,701	14,398	6%	22 Mount Ephraim, Tunbridge Wells, Kent, TN4 8AS

Name	Purpose of the entity	Country of Incorporation	Value of investment £'000	Total assets as at 31 December 2023 (unaudited) £'000	Effective ownership (% rounded)	Registered address
Cranfield Aerospace Solutions Limited	Aviation design and maintenance	United Kingdom	11,870	17,291	29%	Hanger 2, Cranfield Airport, Cranfield, Bedfordshire, MK43 0AL
Bramble Energy Limited	Printed Circuit Board fuel cell solutions	United Kingdom	10,621	21,361	12%	6 Satellite Business Village, Fleming Way, Crawley, England, RH10 9NE
HH2E AG	Supplier of green electrolysis and energy storage facilities	Germany	6,971	11,077	11%	HRB 167243, Kaiser-Wilhelm-Straße 93, 20355 Hamburg
NanoSUN Limited	Supplier of mobile hydrogen storage and refueling systems	United Kingdom	5,428	5,045	22%	Abraham Heights Farm, Westbourne Road, Lancaster, LA1 5EF
GEN2 Energy AS	Green Hydrogen development	Norway	4,443	11,203	7%	Raveien 205, 3184 Borre, Norway
HH2E Werk Thierbach GmbH	Supplier of green electrolysis and energy storage facilities	Germany	1,955	9,389	15%	HRB 167243, Kaiser-Wilhelm-Straße 93, 20355 Hamburg

31 December 2022

Name	Purpose of the entity	Country of Incorporation	Value of investment £'000	Total assets as at 31 December 2022 (unaudited) £'000	Effective ownership (% rounded)	Registered address
Sunfire GmbH	Electrolyzer producer	Germany	21,763	137,838	4%	Gasanstaltstraße 2 01237 Dresden, Germany
Elcogen Group plc	Solid oxide fuel cell supply	United Kingdom	20,430	22,306	11%	Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH
HiiROC Limited	Supplier of clean hydrogen production technology	United Kingdom	12,914	21,423	6%	22 Mount Ephraim, Tunbridge Wells, Kent, TN4 8AS
Bramble Energy Limited	Printed Circuit Board fuel cell solutions	United Kingdom	10,032	33,814	12%	6 Satellite Business Village, Fleming Way, Crawley, England, RH10 9NE

# Notes to the parent and consolidated financial statements

Name	Purpose of the entity	Country of Incorporation	Value of investment £'000	Total assets as at 31 December 2022 (unaudited) £'000	Effective ownership (% rounded)	Registered address
NanoSUN Limited	Supplier of mobile hydrogen storage and refueling systems	United Kingdom	11,519	7,150	23%	Abraham Heights Farm, Westbourne Road, Lancaster, LA1 5EF
Cranfield Aerospace Solutions Limited	Aviation design and maintenance	United Kingdom	6,296	6,248	29%	Hanger 2, Cranfield Airport, Cranfield, Bedfordshire, MK43 0AL
HH2E AG	Supplier of green electrolysis and energy storage facilities	Germany	5,134	6,107	11%	HRB 167243, Kaiser-Wilhelm-Straße 93, 20355 Hamburg
GEN2 Energy AS	Green Hydrogen development	Norway	3,421	12,065	7%	Raveien 205, 3184 Borre, Norway
Stroh Holding BV	Supplier of thermoplastic composite pipe	The Netherlands	11,606	90,257	24%	Monnickendamkade 1, 1976 EC IJmuiden

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

During the year 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.

## 17. Commitments and contingencies

As at 31 December 2023 the Company had future commitments owing of £0.6m to Cranfield Aerospace Solutions and £0.6m to HH2E Werk Thierbach.

At 31 December 2023 the Company had outstanding undrawn loan commitments of £3,638,090 to the Limited Partnership (2022: £16,036,459).

## 18. Post balance sheet events

Since 31 December 2023, the Partnership has made additional investments in and commitments to Private Hydrogen Assets amounting to £1.1m and £1.0m respectively. In February 2024, the Company implemented a restructuring of NanoSUN, and launched a new company named Swift Hydrogen Ltd ('Swift'). The Company wholly owns Swift and it is led by previous senior managers from NanoSUN.

In March 2024, Sunfire announced a funding round totalling more than EUR 500 million. The Company exercised its anti-dilution and conversion rights in this round for £0.3 million. The Board resolved to make a non-material modification to the Company's investment restrictions, so that investments in Sunfire, measured at the time of investment, shall not exceed 21% of the Company's GAV. The Company's existing restriction of an investment limit of 20% of GAV at the time of investment is unchanged for the remainder of the portfolio.

In April 2024, the Company agreed to a restructuring of HH2E, ahead of planned material third party fund raising for green hydrogen projects in Germany. The Company has exchanged its development rights for five project SPVs, including the Thierbach SPV for equity in HH2E, in parallel, the Lubmin SPV, which was previously carved out of the Company's direct holdings, has also been combined with HH2E, in a non-cash transaction for the Company. The Company's previously announced development loan to Thierbach, of which £1.9 million has been drawn, will be reduced to £0.7 million, through a swap for equity in HH2E. The Company's resulting equity share of HH2E is unchanged, at around 11%, on an enlarged asset base and with a simpler corporate structure, and with direct exposure to the Lubmin project.

# Other information

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**110** Alternative Performance Measures

---

**111** EU SFDR Disclosures

---

**122** Glossary

---

**124** Directors and advisers

---

**125** Report of the Alternative Investment Fund Manager

---

**126** Notice of Annual General Meeting

---

**128** Notes to the notice of Annual General Meeting

# 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/more than the Net Asset Value per Ordinary Share.

At 31 December		Page	2023	2022
NAV per Ordinary Share (pence)	a	2	102.99	97.31
Share price (pence)	b	2	49.65	79.30
<b>(Discount)/Premium</b>	<b>(b÷a)-1</b>		<b>(51.8)%</b>	<b>(18.5)%</b>

## Ongoing charges

A measure, expressed as a percentage of average net assets during the year, of the regular, recurring annual costs of running an investment company.

Year ended 31 December		Page	2023	2022
Average NAV	a	n/a	129,442,151	116,822,568
Annualised expenses	b	n/a	3,308,961	2,932,566
<b>Ongoing charges</b>	<b>(b÷a)</b>		<b>2.56%</b>	<b>2.51%</b>

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.

## 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.

Year ended 31 December 2023		Page	Share price <sup>1</sup>	NAV <sup>2</sup>
Opening at 1 January 2023 (p)	a	n/a	79.30	97.31
Closing at 31 December 2023 (p)	b	2	49.65	102.99
<b>Total return</b>	<b>(b÷a)-1</b>		<b>(37.4)%</b>	<b>5.8%</b>

1. Share price total return is based on an opening share price of 79.30p.

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

Year ended 31 December 2022		Page	Share price <sup>1</sup>	NAV <sup>2</sup>
Opening at 1 January 2022(p)	a	n/a	119.50	95.75
Closing at 31 December 2022(p)	b	2	79.30	97.31
<b>Total return</b>	<b>(b÷a)-1</b>		<b>(33.6)%</b>	<b>1.6%</b>

1. Share price total return is based on an opening share price of 119.50p.

2. NAV total return is based on an opening NAV after launch expenses of 95.75p per Ordinary Share.

# ANNEX V (unaudited)

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

**Product name:** HydrogenOne Capital Growth PLC (the Company)

**Legal entity identifier:** 213800PMTT98U879SF45

## Sustainable investment objective

### Did this financial product have a sustainable investment objective?

[tick and fill in as relevant, the percentage figure represents the sustainable investments]

Yes

No

It made **sustainable investments with an environmental objective: 100%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU taxonomy

It made **sustainable investments with a social objective: \_\_\_%**

It **promoted Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**

### To what extent was the sustainable investment objective of this financial product met?

The Company aims to generate capital appreciation by investing in a diversified portfolio of hydrogen and related assets. The Company integrates environmental, social and governance ('ESG') principles into its investment process to contribute to climate change mitigation. In 2023, the Company engaged its material investees to measure and report their greenhouse gas ('GHG') emissions across scopes 1, 2, and 3, as a step towards emissions reduction. The Company continues working with portfolio companies to develop and execute decarbonisation strategies. The majority of the firm's investments displace fossil fuels either directly or indirectly, avoiding GHG emissions and clearly contributing to achieving the Paris Agreement goals.

# ANNEX V (unaudited)

## ● How did the sustainability indicators perform?

January 1st 2023 - December 31st 2023

GHG Emissions (tCO<sub>2</sub>e)

Scope 1	17.63
Scope 2	80.66
Scope 3	179.77
Carbon Footprint (tCO <sub>2</sub> e/€m of value invested)	1.92
GHG Intensity (tCO <sub>2</sub> e/€m of revenue)	60.12
Avoided Emissions	91,116 tCO <sub>2</sub> e

The Company has assessed its Principal Adverse Impact ('PAI') Indicators for 2023 in compliance with EU Regulation 2022/1288. The Company's Scope 1, 2, and 3 emissions are calculated by aggregating the emissions from all investee companies and adjusting for the Company's equity holding in each project. GHG emissions were quantified in accordance with the Greenhouse Gas Protocol.

## ● and compared to previous periods?

The Company did not report PAIs in 2022.

## ● How did the sustainable investments not cause significant harm to any sustainable investment objective?

The Company engages external consultants to map the economic activity of each investment to the EU Taxonomy. The consultants assess the investments against the relevant "Do No Significant Harm" and minimum safeguards criteria, including evaluating alignment with and potential harm to the sustainable investment objective.

*How were the indicators for adverse impacts on sustainability factors taken into account?*

The Company screens and conducts due diligence on its portfolio to assess potential adverse impacts.

*Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Company's investments align with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The investments were assessed according to the EU Commission's Platform of Sustainable Finance final guidance, focusing significantly on social considerations and human rights. All portfolio companies affirm they have no human rights offense convictions and operate in jurisdictions with labour law compliance obligations. The review emphasized each company's policies and procedures for detecting human rights abuses in their supply chains, leading to recommendations for improvement, such as introducing enhanced supplier due diligence.

## How did this financial product consider principal adverse impacts on sustainability factors?

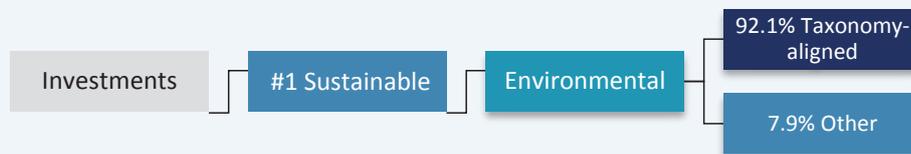
The Company assesses the relevance of the principal adverse indicators outlined in tables 1, 2, and 3 of Annex I of the Sustainable Finance Disclosure Regulation ('SFDR') regulatory technical standards for each investee company. In 2023, the Company measured and disclosed the Scope 1, 2, and 3 emissions of its investee companies and the mandatory and relevant additional indicators.

## What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
NanoSUN Limited	Hydrogen Storage Manufacturing	4.1%	United Kingdom
Cranfield Aerospace Solutions Limited	Airlines And Aviation	8.9%	United Kingdom
Sunfire GmbH	Renewable Energy Equipment Manufacturing	20.4%	Germany
Strohm Holding B.V.	Pipe Manufacturing	14.9%	Netherlands
Bramble Energy Limited	Renewable Energy Semiconductor Manufacturing	8.0%	United Kingdom
HiiROC Limited	Industrial Machinery Manufacturing	10.3%	United Kingdom
Elcogen plc	Renewable Energy Semiconductor	18.4%	Estonia
HH2E AG	Renewable Energy Semiconductor	5.2%	Germany
Gen2 Energy	Renewable Energy Semiconductor Manufacturing	3.3%	Norway
Thierbach	Renewable Energy	1.5%	Germany

## What was the proportion of sustainability-related investments?

### ● What was the asset allocation?



### ● In which economic sectors were the investments made?

The Company's investments are concentrated in hydrogen and complementary hydrogen focused economic activities, including electrolyzer and fuel cell manufacturers, as well as companies involved in hydrogen production, storage, and distribution.

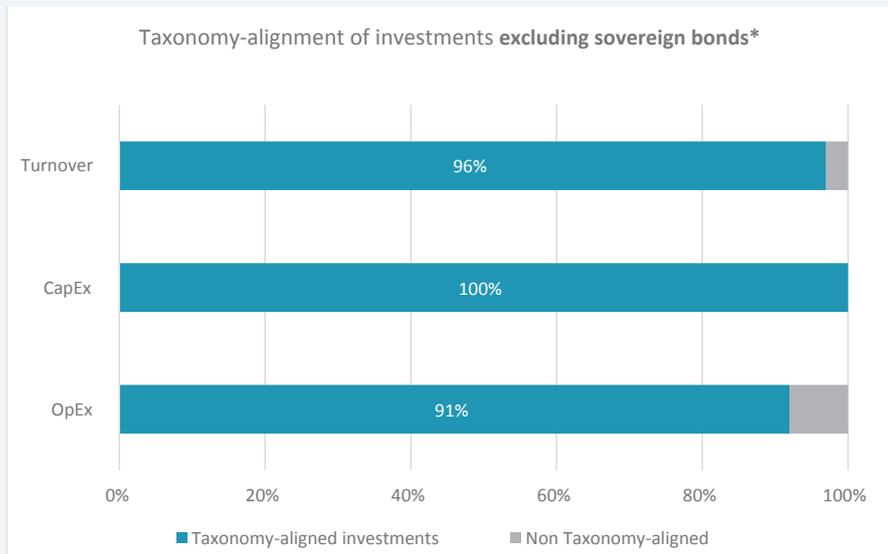
# ANNEX V (unaudited)

## To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Company's overall alignment with the EU Taxonomy stands at 92.1%. The remaining 7.9% represents other economic activities within portfolio companies that may not align but have been assessed as causing no significant harm.

Non-aligning activities within portfolio companies are primarily found in operational expenses and turnover. Operational expenses that do not align typically include indirect corporate services that cannot be directly linked to a specific aligned activity, such as professional services. Non-aligned turnover usually stems from pre-existing products or services in portfolio companies before they developed their hydrogen offerings. All non-aligned activities have been evaluated and determined to cause no significant harm to the EU Taxonomy's objectives and the Fund's sustainable investment objective.

The graph below illustrates the taxonomy alignment of the Fund's investments, excluding sovereign bonds, as the Fund does not invest in sovereign bonds.



### ● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup> ?

No

### ● What was the share of investments made in transitional and enabling activities?

Enabling Activities – 100%

Transitional Activities – None

The Company's enabling and transitional activities align with the EU Taxonomy. Enabling activities typically occur in the supply chain for hydrogen production, such as fuel cell or electrolyzer manufacturing. Currently, the Company has no transitional activities, but they may be included in the future.

### ● How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?

In 2022, 89% of the Company's investments aligned with the EU Taxonomy.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

### What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

7.1% of the Company's investments consist of economic activities within investee companies that do not align with the EU Taxonomy but cause no significant harm. These activities represent small portions of turnover and operating expenses in otherwise aligned investments.

### What was the share of socially sustainable investments?

The Company does not have socially sustainable investments.

### What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

All investments made align with the Company's sustainable investment objective. Hence none of the investments made classify as "not sustainable".

### What actions have been taken to attain the sustainable investment objective during the reference period?

The Company integrated sustainability risk and opportunity processes into its pre-investment stages, including screening and due diligence, and ensuring compliance with relevant regulations, particularly the EU SFDR. The Company engaged with and monitored portfolio companies to achieve its sustainability investment objectives, requiring them to report on critical metrics such as scope 1, 2, and 3 GHG emissions and avoided emissions. The Company also reported on mandatory and relevant additional PAI indicators.

### How did this financial product perform compared to the reference sustainable benchmark?

n/a – No specific index has been designated.

#### ● How did the reference benchmark differ from a broad market index?

n/a

#### ● How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?

n/a

#### ● How did this financial product perform compared with the reference benchmark?

n/a

#### ● How did this financial product perform compared with the broad market index?

n/a

# Statement on principal adverse impacts of investment decisions on sustainability factors (unaudited)

**Financial market participant:** HydrogenOne Capital Growth plc, 213800PMTT98U879SF45

## Summary

HydrogenOne Capital Growth plc (the "Company"), 213800PMTT98U879SF45, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the Company.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023, in line with the financial reporting year.

The tables below contain the principal adverse impacts required by regulation and considered material to the Company. The results show limited adverse impacts in line with the sustainable investment objective. The most significant adverse impact is scope 2 greenhouse gas emissions. This reflects electricity that is consumed by portfolio companies that the Company have invested in, imported from the grid. Much of this energy across the portfolio is sourced as renewable but the emissions reflect the proportion of imported energy that is non-renewable. Work is ongoing to assess whether additional renewable energy can be sourced as an alternative.

Overall the principal adverse indicators reflect the positive nature of the sustainable investment objective and provide targeted areas for improvement in the future which the Company is actively engaged in addressing. The nature of the PAI are designed to be negative in isolation. However, to review the company's positive attributions please refer to the ESG policy <https://hydrogenonecapitalgrowthplc.com/wp-content/uploads/2023/02/ESG-policy-2023-02-08.pdf>

## Description of the principal adverse impacts on sustainability factors

See descriptions below table:

Table 1

### Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	17.63	n/a	tCO <sub>2</sub> e	Scope 1 emissions related to land transport by vehicles owned by the Company and heating activities	n/a
		Scope 2 GHG emissions	80.66	n/a	tCO <sub>2</sub> e	Scope 2 emissions related to purchased import electricity. These emissions reflect non-renewable electricity imported, a significant portion of the portfolio imports renewable energy and does not incur emissions.	Import data will continue to be collected, options for sourcing more renewable energy are being explored.
		Scope 3 GHG emissions	179.77	n/a	tCO <sub>2</sub> e	Most of the data provided from suppliers was complete. Some estimations were carried out in terms of land and air transport. Transparency regarding the data used to form estimates improved compared to the previous cycle this year and the level of transparency is good.	The Company is actively engaged in improving data quality from suppliers.

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period	
Greenhouse gas emissions (continued)	Total GHG emissions	278.06	n/a	tCO2e	GHG emissions are calculated in accordance with the GHG Protocol using DEFRA emission factors.	n/a	
	2. Carbon footprint	Carbon Footprint	192	n/a	tCO2e per €M	n/a	n/a
	3. GHG intensity of investee companies	GHG intensity of investee companies	60.12	n/a	tCO2e per €M	n/a	n/a
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	n/a		The investment strategy is focused on assets that contribute to the sector of clean hydrogen production.	n/a
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	54.87%	n/a	%	No energy generation. This factor is based on renewable and non-renewable energy consumption from electricity usage and heating of facilities.	The strategy will continue. Options for sourcing renewable import electricity are being explored.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact	0.11	n/a	GWh per €M	n/a	n/a
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	n/a	%	None of the activities affect biodiversity sensitive areas.	Biodiversity improvements will continue as part of the overall ESG strategy.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0%	n/a	tonne per €M	No nitrates, phosphates and pesticides are emitted in operations.	n/a

# Statement on principal adverse impacts of investment decisions on sustainability factors (unaudited)

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period	
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.07	n/a	tonne per €M	No hazardous waste was produced.	n/a
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	n/a	%	n/a	n/a
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	77%	n/a	%	The Company applies these policies and the portfolio companies are working on developing and formalizing policies and monitor compliance with the UNGC principles.	n/a
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	47%	n/a		n/a	n/a
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	10%	n/a	%	n/a	n/a
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	n/a	%	n/a	n/a

## Other indicators for principal adverse impacts on sustainability factors

Table 2

## Additional climate and other environment-related indicators

Adverse sustainability indicator	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2023	Impact 2022	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
<b>Indicators applicable to investments in investee companies</b>							
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Water, waste and material emissions	6. Water usage and recycling	2. Weighted average percentage of water recycled and reused by investee companies	0%	n/a	%	n/a	Minimal water quantities are used on-site by the portfolio companies. Water is consumed for daily operational activities and water usage and recycling are not considered as major activities for the portfolio companies.
	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies	n/a	n/a	%	n/a	Minimal water quantities are used on-site by the portfolio companies. Water is consumed for daily operational activities and water usage and recycling are not considered as major activities for the portfolio companies.
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy	n/a	n/a	%	n/a	Minimal water quantities are used on-site by the portfolio companies. Water is consumed for daily operational activities and water usage and recycling are not considered as major activities for the portfolio companies.

# Statement on principal adverse impacts of investment decisions on sustainability factors (unaudited)

Table 3

## Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2023	Impact 2022	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period	
<b>Indicators applicable to investments in investee companies</b>							
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Adverse sustainability impact	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	11%	n/a	%	n/a	n/a
Social and employee matters	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0.03	n/a		n/a	n/a
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	126	n/a		n/a	n/a
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	n/a	n/a	%	n/a	n/a

### Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The following policies have been adopted by the Board:

- The Board approved the Investment Policy in 2021. The ESG policy is published on the website.
- The Board of Directors is responsible for the Company's ESG policy and its implementation. The Investment Adviser, HydrogenOne Capital LLP, is responsible for integrating ESG considerations into the investment process and ongoing portfolio management.
- The indicators in Table 2 and 3 have been assessed based on their materiality. That is the likelihood and severity of occurrence.
- The assessment is inherently judgmental in nature which incorporates a margin of error. Feedback from stakeholders will be taken into account when reviewing this selection and amendments made in future reporting cycles if required.
- Data was almost complete and covered all relevant activities. Data was received from the company and the portfolio companies.

Data received from portfolio companies was assessed for quality. Estimates were used on data gaps using the data that was available as a proxy.

### Engagement Policies

The Investment Adviser, HydrogenOne Capital LLP, engages with portfolio companies to gather ESG data, monitor their performance against the ESG KPIs, and drive improvements in ESG practices. The engagement process includes:

- a) Regular meetings with portfolio company management teams.
- b) Monitoring of ESG KPIs and progress against targets.
- c) Encouraging portfolio companies to adopt best practices in ESG management and reporting.
- d) Providing guidance and support to portfolio companies to help them improve their ESG performance.

The Company has developed an ESG framework with a set of ESG KPIs to assess and monitor investments. The KPIs cover various ESG factors, such as:

- a) Greenhouse gas emissions
- b) Waste management
- c) Health and safety
- d) Diversity and inclusion
- e) Corporate governance

### Reference to international standards

As an Article 9 fund with a sustainable investment objective the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises are adhered to.

- a) The Company has developed an ESG framework with a set of ESG KPIs to assess and monitor investments, which cover various ESG factors such as greenhouse gas emissions, waste management, health and safety, diversity and inclusion, and corporate governance.
- b) The Investment Adviser engages with portfolio companies to gather ESG data and monitors their performance against the ESG KPIs.
- c) Climate scenarios are not used in the indicators but they are considered as part of the TCFD reporting, publically available
- d) Climate scenarios are used as part of TCFD reporting

### Historical comparison

Not Applicable (n/a), this is the first reference period during which the SFDR RTS are in effect. Historical comparisons will be published in the next PAI statement.

# 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 Directive 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.
CCS	Carbon Capture and Storage
CLN	Convertible Loan Note
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.
NAV per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury).

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

# Directors and advisers

## Directors (all Non-Executive)

Simon Hogan (Chairman)  
Afkenel Schipstra  
Abigail Rotheroe  
David Bucknall

## Administrator and Company Secretary

Apex Listed Companies Services (UK) Limited  
6th Floor  
125 London Wall  
London  
EC2Y 5AS

## Alternative Investment Fund Manager (AIFM)

FundRock Management Company (Guernsey) Limited  
1 Royal Plaza  
Royal Avenue  
St Peter Port  
Guernsey  
GY1 2HL

## Broker

Barclays Bank PLC  
1 Churchill Place  
London  
E14 5RB

## Solicitors to the Company

Gowling WLG (UK) LLP  
4 More London Riverside  
London  
SE1 2AU

## Registered office\*

6th Floor  
125 London Wall  
London  
EC2Y 5AS

\*Registered in England and Wales – No 13340859

## Investment Adviser

HydrogenOne Capital LLP  
4 Manchester Square  
London  
W1U 3PD

## Custodian

The Northern Trust Company  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

## Registrar

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS13 8AE

## Independent Auditor

KPMG Channel Islands Limited  
Gategny Court  
Gategny Esplanade  
Guernsey  
GY1 1WR

# Report of the Alternative Investment Fund Manager

## Material change

FundRock Management Company (Guernsey) Limited as AIFM must disclose in the Annual Report, details of material changes to the information set out under AIFMD. For these purposes, there are no material changes effective during the period to be noted to the information set out in the Prospectus.

## Remuneration disclosures

The Company is categorised as an EU Alternative Investment Fund ("AIF"). The AIFMD seeks to regulate managers of AIFs, such as the Company. It imposes obligations on AIFMs who manage AIFs in a member state of the European Economic Area ("EEA state"), or who market shares in AIFs to investors who are domiciled, or with a registered office, in an EEA state. Under the AIFMD, an AIFM must be appointed and must comply with various organisational, operational and transparency requirements.

On 5 July 2021, the Company appointed FundRock Management Company (Guernsey) Limited to act as AIFM to the Company. FundRock Management Company (Guernsey) Limited is responsible for fulfilling the role of the AIFM and ensuring the Company complies with the AIFMD requirements. Details of the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and the number of beneficiaries, are made available to Shareholders on request.

# Notice of Annual General Meeting

## Annual General Meeting

In line with the requirements of the Companies Act 2006, the Company will hold an Annual General Meeting of shareholders to consider the resolutions laid out in the Notice of Meeting below.

## Notice of Meeting

Notice is hereby given that the Annual General Meeting of HydrogenOne Capital Growth plc will be held at 6th Floor, 125 London Wall, London EC2Y 5AS on 21 May 2024 at 12.00 noon for the following purposes:

To consider and if thought fit pass the following resolutions of which resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 to 12 will be proposed as special resolutions.

## Ordinary Business

1. To receive the Company's annual accounts for the year ended 31 December 2023.
2. To approve the Directors' Remuneration Report included in the Annual Report for the year ended 31 December 2023.
3. To re-elect Simon Hogan as a Director of the Company.
4. To re-elect Afkenel Schipstra as a Director of the Company.
5. To re-elect Abigail Rotheroe as a Director of the Company.
6. To re-elect David Bucknall as a Director of the Company.
7. To reappoint KPMG Channel Islands Limited as auditor to the Company.
8. To authorise the Directors to fix the remuneration of the auditor until the conclusion of the next Annual General Meeting of the Company.
9. That
  - a. the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company, or to grant rights to subscribe for or convert any security into shares in the Company, up to a maximum nominal amount of £128,819 or, if less, the amount that represents 10% of the nominal value of the Company's issued share capital (excluding treasury shares) on the date on which this resolution is passed; and
  - b. the authority given by this resolution:
    - i. shall be in addition to all pre-existing authorities under section 551 of the Act; and
    - ii. unless renewed, revoked or varied in accordance with the Act, shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2025 or, if earlier, on the expiry of 15 months from the date of passing of this resolution save that the Company may, before such expiry, make any offer or enter into an agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company, after such expiry and the Directors may allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company in pursuance of such an offer or agreement as if such authority had not expired.

## Special Business

10. That, subject to the passing of resolution 9 set out in this Notice of Annual General Meeting (the "Allotment Authority"), the Directors be given power pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560(1) of the Act) for cash pursuant to the Allotment Authority, and to sell treasury shares for cash, as if section 561(1) of the Act did not apply to such allotment or sale, provided that such power:
  - a. shall be limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal amount of £128,819 or, if less, the amount that represents 10% of the nominal value of the Company's issued share capital (excluding treasury shares) on the date on which this resolution is passed;
  - b. shall be in addition to all pre-existing powers under sections 570 and 573 of the Act; and
  - c. shall expire at the same time as the Allotment Authority, save that the Company may, before expiry of the power conferred on the Directors by this resolution, make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of such an offer or agreement as if such power had not expired.

11. That the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares of 1p each, provided that:
- the maximum number of Ordinary Shares hereby authorised to be purchased shall be 19,310,117 (representing 14.99% of the Company's issued Ordinary Share capital (excluding shares held in treasury) at the date of the notice of this meeting);
  - the minimum price (exclusive of any expenses) which may be paid for an Ordinary Share is 1p;
  - the maximum price (excluding expenses) which may be paid for an Ordinary Share is not more than the higher of (i) 5% above the average of the middle market quotations for the Ordinary Shares for the five business days immediately before the day on which it purchases that share and (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares;
  - the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2025 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and
  - the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.
12. that a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting after the date of the passing of this resolution.

**By order of the Board**  
 Martin Darragh  
 For and on behalf of Apex Listed Companies  
 Services (UK) Limited  
 Company Secretary

17 April 2024

**Registered office:**  
 6th Floor  
 125 London Wall  
 London  
 EC2Y 5AS

# Notes to the notice of Annual General Meeting

## Website address

1. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from [www.hydrogenonecapitalgrowthplc.com](http://www.hydrogenonecapitalgrowthplc.com).

## Entitlement to attend and vote

2. Only those holders of Ordinary Shares registered on the Company's register of members at 12.00 noon on 17 May 2024 or, if this meeting is adjourned, at 12.00 noon on the day two days prior to the adjourned meeting, shall be entitled to vote at the meeting.

## Appointment of Proxies

3. Members entitled to vote at the meeting (in accordance with Note 2 above) are entitled to appoint a proxy to vote in their place. It is recommended that shareholders appoint the 'Chairman of the Meeting' as their proxy where possible. If you wish to appoint a proxy, please follow the instructions at note 6 below, if you wish to appoint a proxy through the CREST electronic proxy appointment service, please follow the instructions at note 7 below. In the case of joint members, only one need sign the Form of Proxy. The vote of the senior joint member will be accepted to the exclusion of the votes of the other joint members. For this purpose, seniority will be determined by the order in which the names of the members appear in the register of members in respect of the joint shareholding.
4. You can appoint the Chairman of the Meeting as your proxy using the voting methods in notes 6 and 7.
5. You can instruct your proxy how to vote on each resolution by marking the resolutions 'For' and 'Against' using the voting methods stated in notes 6 and 7. If you wish to abstain from voting on any resolution, please mark these resolutions withheld. It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' and 'Against' a resolution. If you do not indicate how your proxy should vote, he/she can exercise his/her discretion as to whether, and if how so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions) which may properly be conducted at the meeting.

## Appointment of proxy

6. You can vote either:
  - by logging on to [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and following the instructions;
  - by completing a hard copy form of proxy that accompanies this annual report; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 12.00 noon on Friday 17 May 2024.

## Appointment of Proxy through CREST

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: 3RA50) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy's appointee through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.

It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that this CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be lodged by 12.00 noon on 17 May 2024 in respect of the meeting. Any such messages received before such time will be deemed to have been received at such time. In the case of an adjournment, all messages must be lodged with Computershare Investor Services no later than 48 hours before the rescheduled meeting.

### Appointment of a proxy through Proxymity

8. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged no later than 48 hours before the time of the Annual General Meeting, in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. Proxymity will then contract with your underlying institutional account holder directly to accept their vote instructions through the platform.

### Termination of proxy appointments

9. In order to revoke a proxy instruction, you will need to inform the Company. Please send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 or by signature on its behalf by an officer or attorney whose power of attorney or other authority should be included with the revocation notice.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified in note 2 above then, subject to the paragraph directly below, your proxy will remain valid.

If you submit more than one valid proxy appointment in respect of the same Ordinary Shares, the appointment received last before the latest time for receipt of proxies will take precedence.

### Nominated persons

10. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights:

- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in the notes to the form of proxy.

# Notes to the notice of Annual General Meeting

## Questions at the meeting

11. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:
- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

## Issued Shares and total voting rights

12. The total number of shares in issue in the Company is 128,819,999 Ordinary Shares of 1p each. Therefore, the total number of Ordinary Shares with voting rights is 128,819,999. On a vote by a show of hands, every holder of Ordinary Shares who (being an individual) is present by a person, by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member, shall have one vote. On a poll every holder of Ordinary Shares who is present in person or by proxy shall have one vote for every Ordinary Share held by him.

## Communication

13. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
- Computershare's helpline on 0370 703 6036 (or +44 370 703 6036 from outside the UK). Lines are open 8:30am to 5:30pm Monday to Friday (excluding public holidays in England and Wales. Charges for '03' numbers are determined by the caller's service provider. Calls may be recorded and monitored randomly for security and training purposes);
  - in writing to Computershare.

You may not use any electronic address provided either in this Notice of Meeting or in any related documents (including the Form of Proxy for this meeting) to communicate with the Company for any purposes other than those expressly stated.



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