



This document relates to the exercise of voting rights in Hydrogen Group plc and requires your immediate attention. If you are in any doubt as to the action you should take, you should consult your professional adviser immediately. If you have sold or transferred all your shares in Hydrogen Group plc, this Notice and the accompanying proxy form should be passed to the person through whom the sale or transfer was made, for transmission to the purchaser or transferee.

NOTICE OF ANNUAL GENERAL MEETING

Hydrogen Group plc

(Registered in England and Wales, no.5563206)

Notice is hereby given that the Annual General Meeting ("**AGM**") of Hydrogen Group plc (the "**Company**") will be held at 30 Eastcheap, London EC3M 1HD on Friday 2nd June 2017 at 8.00am, to consider and, if thought fit, to pass resolutions 1-11 below as Ordinary Resolutions and resolutions 12-13 as Special Resolutions.

ORDINARY BUSINESS

1. To receive the reports and accounts for the year ended 31 December 2016 and the auditor's report on the accounts.
2. To approve the directors' remuneration report for the year ended 31 December 2016.
3. To re-elect Richard James Green as a director of the Company.
4. To re-elect Stephen Puckett as a director of the Company.
5. To re-elect Ian Temple as a director of the Company.
6. To appoint BDO LLP as auditor to the Company.
7. To authorise the directors to determine the auditor's remuneration.
8. To authorise the directors, generally and unconditionally, in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all powers of the Company to allot shares (as defined in section 540 of the Act) in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company as contemplated by sections 551 (a) and (b) of the Act, respectively, to such persons and at such times and on such terms as they think proper during the period expiring at the end of the Company's next AGM (unless previously revoked or varied by the Company in general meeting):
 - (a) up to a maximum aggregate nominal amount of £82,439.56; and
 - (b) in connection with a rights issue in favour of the holders of the equity securities and any other persons entitled to participate in such issue, where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as

may be) to the respective number of equity securities held by them, up to a further aggregate nominal amount of £82,439.56, subject only to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

(c) the Company is hereby authorised to make, prior to the expiry of such period, any offer or agreement which would or might require relevant securities to be allotted after the expiry of the said period and the directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of this authority.

9. THAT the Leadership Share Scheme is established and that the directors shall grant share options under the Leadership Share Scheme to senior management and selected employees subject to the terms and restrictions of the Leadership Share Scheme.

10. THAT the Minority Interest Share Scheme is established and that the directors shall approve the creation of such share classes in subsidiaries of the Company and issue such shares to the managers and leaders in the relevant businesses as they see fit subject to the terms and restrictions of the Minority Interest Share Scheme.

11. THAT subject to the passing of Resolutions 9 and 10, the directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to allot equity securities up to an aggregate nominal value of £82,439.56 in connection with the Leadership Share Scheme and or Minority Interest Share Scheme provided that this authority will, until removed, varied or revoked by the Company in general meeting, expire on the date falling five years from the date of this resolution and the directors shall be entitled under the authority conferred by section 551(7) of the Act under this resolution to make at any time prior to the expiry of the above authority any offer or agreement which would or might require the equity securities of the Company to be allotted after the expiry of that authority.

SPECIAL BUSINESS

12. Subject to the passing of resolution 8 above, to give general power to the directors, under sections 570 and 573 of the Act, to make allotments of equity securities (within the meaning of section 560 of the Act) for cash, either pursuant to the authority given in resolution 8 or by way of the sale of treasury shares, as if section 561 of the Act did not apply, provided that the power conferred by this resolution shall be limited to:

(a) the allotment of equity securities in connection with an issue or offering (but in respect of the authority granted by resolution 12(b), by way of rights issue only) in favour of holders of equity securities and any other persons entitled to participate in such issue or offering (other than the Company itself in respect of any shares held by it as treasury shares), where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

(b) the allotment (otherwise than pursuant to resolution 12 (a) above) of equity securities up to an aggregate nominal value not exceeding £16,487.91;

and this power, unless renewed, shall expire at the end of the Company's next AGM, save that the directors may make an offer or agreement before such expiry which would or might require equity securities to be allotted after such expiry and the directors may allot equity

securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

- 13.** To authorise the Company generally and unconditionally for the purpose of section 701 of the Act to make market purchases (as defined in section 693 (4) of the said Act) of ordinary shares of 1p each in the capital of the Company provided that:
- (a) the maximum number of ordinary shares hereby authorised to be purchased is 3,297,582;
 - (b) the minimum price (exclusive of expenses) which may be paid for such shares is 1p per ordinary share, being the nominal amount thereof;
 - (c) the maximum price (exclusive of expenses) which may be paid for such ordinary shares shall be, for so long as dealings in the ordinary shares of the Company take place on AIM, the higher of: (i) five per cent above the average price at which deals are done in such ordinary shares taken from the AIM appendix to The London Stock Exchange Daily Official List for the five business days before the purchase is made; and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue where the purchase is carried out; and
 - (d) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the end of the next AGM of the Company and the date which is 18 months after the date on which this resolution 13 is passed, except in relation to a purchase of ordinary shares the contract for which was concluded before such time and which will, or may, be wholly or partly completed after such time and the Company may make a purchase of its own shares in pursuance of any such contract.

BY ORDER OF THE BOARD

Ben Harber

Secretary

Hydrogen Group plc (*registered in England and Wales, no. 5563206*)

Registered Office: 30-40 Eastcheap, London EC3M 1HD

9th May 2017

Notes:

- (i) Voting will take place by means of a show of hands, unless a poll vote is demanded.
- (ii) A shareholder may appoint one or more proxies to exercise their voting rights at the AGM, so long as each proxy is appointed to exercise voting rights attached to different shares. A proxy need not be a member of the Company.
- (iii) The Form of Proxy provided by post may be used to appoint a proxy to attend and vote at the meeting on behalf of a shareholder. Shareholders who have already registered their details at www.capitashareportal.com may choose instead to register their proxy appointment online. Full details on giving voting instructions are available at www.capitashareportal.com or on the Form of Proxy. A blank Form of Proxy can also be downloaded from our website at www.hydrogengroup.com/AGM_documents. The postal address for receipt of completed proxy forms is Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- (iv) To be valid, an electronic proxy appointment, or a duly signed Form of Proxy, (together with any Power of Attorney or other authority under which it is signed, or a certified copy of the same, if applicable), must be received by the Registrars by 8am on 31st May 2017. The cut-off time for

receipt of proxy appointments also applies to amendment of proxy instructions. Any amended proxy appointment received after 8am on 31st May 2017 will be disregarded.

- (v) Appointing a proxy will not prevent you from attending the AGM and voting in person. However, if you decide to do so, any proxy previously appointed by you will not also be able to attend, speak and vote on your behalf.
- (vi) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders listed in the register of members of the Company as at 8am on 31st May 2017 shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is the close of business on the day preceding the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (vii) In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (viii) Copies of directors' service contracts and the letters of appointment of the non-executive directors will be available for inspection at the registered office of the Company, 30-40 Eastcheap, London EC3M 1HD, during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the AGM.
- (ix) As at the date of this Notice the Company's issued share capital was 23,941,713 ordinary shares of 1p each. Each ordinary share carries one vote and therefore the total number of voting rights at 9th May 2017 was 23,941,713.

Explanation of resolutions to be proposed

Resolutions 1-2 are standard ordinary resolutions dealing with the Company's duty to lay the annual accounts and statutory reports before the members in general meeting and the approval of the directors' remuneration report.

Resolutions 3-5 deal with the re-election of directors. In line with best practice, all directors of the Company are standing for re-election by shareholders. This exceeds the requirement set out in the Company's Articles for a third of the Board to retire by rotation at each AGM. The directors' biographies are set out on page 16 of the published Annual Report and are available on our website: <http://www.hydrogengroup.com>.

All the directors have been recommended for re-election by the Nomination Committee. Each director makes a valuable contribution and is committed to the Company. The Non-Executive directors remain independent in character and judgement.

Resolutions 6 and 7 The Company is required to appoint an auditor at each general meeting at which accounts are laid before the members, to hold office until the conclusion of the next such meeting. During the year the Company's auditor changed. Grant Thornton stepped down and the directors appointed BDO LLP, following a formal tender process. Special notice having been given of the intention to propose the resolution, resolution 6 is for members to appoint the new auditor. Resolution 7 proposes that the Directors are authorised to determine the level of the auditor's remuneration.

Resolution 8 renews the authority granted at the AGM in 2016 for the directors to allot securities in the Company. This authority is limited in section (a) of the resolution to an allotment up to a

maximum nominal amount of £82,439.56, representing approximately one third of the issued share capital of the Company as at the date of the Notice. It is standard practice for most public companies to renew this authority annually. The directors are seeking to renew this authority to enable them to make small share issues if appropriate, in the best interests of the Company at that time. The directors have no present intention of exercising this authority. Section (b) of resolution 8 proposes to give the directors authority to issue shares equivalent to a further one third of the Company's current issued share capital only in the case of a rights issue. This meets institutional investor recommendations. The directors do not currently intend to conduct a rights issue but wish to maintain flexibility. If approved, the authorities granted would remain valid until the conclusion of the next AGM in 2018.

Resolutions 9 to 11 In order to recruit, retain and incentivise group senior management and selected key employees, the Company will establish the Leadership Share Scheme. Under the Leadership Share Scheme, market value options to acquire shares in the Company will be granted that will vest in annual tranches of up to 15% per annum at the end of each of the 4 years following grant (2017, 2018, 2019 and 2020) with the remaining up to 40% vesting following the end of 2020. The tranching vesting of up to 15% for each year will be based on the achievement of between 30% and 50% growth in earnings per share on the previous year's earnings per share performance where the full 15% vesting is achieved if 50% growth on the previous year is achieved and there is no vesting if less than 30% growth is achieved. The final 40% vesting will be based on the average compound annual rate of growth in earnings per share over the 4 year performance period of 2017 to 2020 where the full 40% will vest if an average growth rate of 50% is achieved and no vesting will arise if less than 30% growth is achieved. Ian Temple, the Company's chief executive officer will be a participant in the Leadership Share Scheme.

In order to recruit, retain and incentivise the leaders and managers of the difference business units, the Company will establish the Minority Interest Share Scheme. Under the Minority Interest Share Scheme, participants will acquire shares in subsidiaries of the Company. These specific share classes will carry rights such that their value will equate to 6 times the business's earnings before tax (with the 6 times multiple being capped at 80% of the multiple of earnings before tax that Hydrogen Group plc is trading at if that is lower). A business is a market leader if all four quarters in the year have at least £200,000 of net revenue or the average quarterly net revenue is at least £200,000. If this is achieved, a third of the shares can be exchanged for shares in Hydrogen Group plc with an equivalent value. If the business achieves 3 years as a market leading business, a third of the shares held will be exchanged for shares in Hydrogen Group plc in each of the years so that all of the shares in the subsidiary will be exchanged for shares in Hydrogen Group plc. Save in exceptional circumstances, the shares awarded will not represent more than 20% of formulaic value of the business in most cases with the leader and manager of the business sharing the specific share class equally.

Dilution by awards granted under the Company's employee share schemes established from the date of establishment of the Leadership Share Scheme and the Minority Interest Share Scheme (being the date of the AGM) when added to any shares issued on the exercise of share options granted under other employee share schemes where the exercise of the options takes place after the date of the AGM shall not exceed 25%. In relation to the Minority Interest Share Scheme, the dilutive impact when awards of subsidiary shares are made shall be determined by the remuneration committee as the highest dilutive impact that could be reasonably anticipated.

Further details relating to the Leadership Share Scheme and the Minority Interest Share Scheme are set out in Appendices 1 and 2 respectively.

Resolution 12 will be proposed as a special resolution, requiring a voting majority of 75%. It seeks to renew the authority given at the 2016 AGM for the directors to issue equity securities of the Company for cash, outside the statutory pre-emption rights provided by the Act. This authority is sought in connection with a rights issue or similar issue, or otherwise in connection with an allotment of up to 5% in nominal value of the Company's issued share capital as at the date of the Notice. The authority, if granted, would remain valid until the conclusion of the next AGM in 2018.

Resolution 13 will also be proposed as a special resolution, requiring a voting majority of 75%. It also seeks to renew and update a power previously granted at the 2016 AGM. If passed, the Company will have the power to buy up to 3,297,582 shares, representing approximately 10% of the Company's issued share capital as at the date of the Notice, subject to the constraints set out in the resolution. If granted, the authority would expire on the date of the next AGM in 2018 or, if earlier, 18 months after the passing of resolution 13. The Company has no current intention to repurchase shares in the market but wishes to retain the flexibility to do so. The authority will only be exercised if the Board considers there is likely to be a beneficial impact on earnings per ordinary share and a purchase would be in the best interests of the Company at the time.

Appendix 1 – The Leadership Share Scheme

1.1 Participants will be granted options over shares in the Company. The options can be granted as qualifying enterprise management incentive ('EMI') share options, tax advantaged company share option plan ('CSOP') share options or non-tax advantaged share options.

1.2 The directors may in their discretion grant options to any employee or executive director of the Company or the group. It is intended to grant options under the Leadership Share Scheme to senior management and selected employees who have group responsibilities.

1.3 Exercise price

The scheme allows for the exercise price to be set at such level as the directors determine provided that for newly issued shares the exercise price cannot be less than £0.01 per share. It is intended that the exercise price of the options will be equal to the closing mid-market price of the shares on the trading day prior to the date of grant.

1.4 Performance targets

Following the end of each of the 2017, 2018, 2019 and 2020 financial years, if the company's audited earnings per share ('EPS') has grown by 30% from the EPS of the previous year, 7.5% of the option will vest. If the EPS growth on the previous year is 50% or more, 15% of the option will vest. EPS growth on the previous year of between 30% and 50% will give vesting of between 7.5% and 15% calculated on a straight line basis. If the EPS growth for the year is less than 7.5%, there will be no vesting for the year.

Up to 40% of the option will vest based on the average annual compounded growth rate in EPS over 2017, 2018, 2019 and 2020. If this average growth rate is 30%, 10% of the option will vest. If the average annual EPS growth rate is 50% or more, 40% of the option will vest. If the average annual EPS growth rate is between 30% and 50%, vesting will be between 10% and 40% calculated on a straight line basis. If the average annual EPS growth rate is less than 30%, there will be no vesting.

1.5 Restriction on sale

Although options will vest over time as performance conditions are met, shares acquired on the exercise of the options may not be sold until the EPS performance and vesting for 2020 has been determined by the remuneration committee.

1.6 Leaver

A leaver is a Bad Leaver unless the remuneration committee exercises its discretion for the employee to be a Good Leaver. Bad leavers will forfeit all of their unexercised share options.

Good Leavers may retain their options subject to the performance criteria and vesting terms. It may be the case that an employee may cease employment and be determined a Good Leaver but then takes steps that would cause the Remuneration Committee to want to make them a Bad Leaver (for example if somebody retires but then commences work with a competitor). If it possible for the Remuneration Committee to alter a leaver's status from Good Leaver to Bad Leaver.

1.7 Corporate events

Where a company (the '**Acquiring Company**');

- obtains control of the Company by way of a general offer or a sale of any shares in the Company;
- obtains control of the Company pursuant to a court sanctioned compromise or arrangement;
- obtains all the shares in the Company as a result of an exchange of shares; or
- becomes entitled or bound to acquire shares in the Company (under the "squeeze out" and sell out" provisions under Companies Act 2006),

then the Company will encourage the Acquiring Company to offer the participants the opportunity to exchange their options in the Company for options in the Acquiring Company on similar terms. If the Acquiring Company makes such an offer and the participants do not accept such an offer, their options shall lapse.

If the Acquiring Company does not offer the participants the opportunity to exchange their options then the board shall have discretion to determine the proportion of the option which may be exercised based on the extent to which the performance condition has been achieved. Any part of the option which the board has determined is not exercisable shall lapse. Any part of the option which the board has determined is exercisable but is not exercised shall also lapse following the corporate event if not exercised.

1.8 Clawback

The Remuneration Committee may apply clawback where at any time before or within a year of vesting it determines that the financial results of the Company were misstated, an error was made in any calculation or in assessing performance, which resulted in the number of Ordinary Shares in respect of which the Share Incentive was granted or vested being more than it should have been. The Remuneration Committee may also apply a clawback at any time if it is discovered that the participant committed an act or omission prior to vesting that justified, or would have justified, summary dismissal from office or employment.

1.9 Dilution

Dilution by awards granted under the Company's employee share schemes established from the date of establishment of the Leadership Share Scheme and the Minority Interest Share Scheme (being the date of the AGM) when added to any shares issued on the exercise of share options granted under other employee share schemes where the exercise of the options takes place after the date of the AGM shall not exceed 25%. In relation to the Minority Interest Share Scheme (described below), the dilutive impact when awards of subsidiary shares are made shall be determined by the remuneration committee as the highest dilutive impact that could be reasonably anticipated.

1.10 Other terms

The Share Incentive may not be assigned, charged or transferred.

The existence of the Share Incentive does not affect the Company's ability to change its share capital structure or to merge, consolidate, issue bonds, debentures, or preferred stock or to dissolve or liquidate the Company, or to sell or transfer any part of its assets or business.

Appendix 2 – The Minority Interest Share Scheme

- 1.1 Share classes shall be created in subsidiaries of the Company. The share classes created shall carry capital rights that reflect the value of specific business units and shall be created in the company in which those businesses operate.
- 1.2 The share classes will be created and issued once a business becomes a 'fast growth' business, where the net fee income per quarter exceeds £100,000.
- 1.3 The leaders and managers of the business will be allocated shares. The numbers of shares awarded relating to any business will be determined by the remuneration committee but it is intended that shares awarded will not exceed 20% of the value of the specific business. Where there is one leader and one manager, the shares will be awarded equally to the leader and manager.

1.4 Performance targets and liquidity

Once an award of shares has vested, they will be exchanged for shares in Hydrogen Group plc with an equivalent value. A third of shares held by an individual will vest for each year that the business is categorised as a 'market leader'. A business is a market leader if all four quarters in the year have at least £200,000 of net revenue or the average quarterly net revenue is at least £200,000. An individual will have full vesting therefore if the business achieves 3 years as a market leader. These years do not have to be consecutive.

The rate of exchange of vested shares in a business for shares in Hydrogen Group plc is based on a formulaic valuation of the specific business. The formula applies a multiple to the earnings before tax of the specific business, that multiple being the lower of 6 and 80% of the multiple of earnings before tax at which Hydrogen Group plc is trading at the point of the share exchange.

1.5 Leaver

A leaver is a Bad Leaver unless the remuneration committee exercises its discretion for the employee to be a Good Leaver. Bad leavers will forfeit all of their minority interest shares.

Good Leavers may retain some or all of their minority interest shares, such amounts being at the discretion of the remunerations committee.

1.6 Minority interest share rights

Minority interest shares will not carry rights to vote or receive dividends.

1.7 Clawback

The Remuneration Committee may apply clawback where at any time before or within a year of vesting it determines that the financial results of the Company were misstated, an error was made in any calculation or in assessing performance, which resulted in the number of level of vesting being more than it should have been. The Remuneration Committee may also apply a clawback at any time if it is discovered that the participant committed an act or omission prior to vesting that justified, or would have justified, summary dismissal from office or employment. This can give rise to clawback of the minority interest shares or the shares in the applicable subsidiary.

1.8 Long stop dates

There will be two long-stop dates relating to the Minority Interest Shares:

- If the business is not a market leader within 5 years of the receipt of the minority interest shares, they will be forfeited.
- If all of the Minority Interest shares have not been exchanged for shares in the Company within 5 years of becoming a Market Leader, they will be forfeited.

1.9 Dilution

Dilution by awards granted under the Company's employee share schemes established from the date of establishment of the Leadership Share Scheme and the Minority Interest Share Scheme (being the date of the AGM) when added to any shares issued on the exercise of share options granted under other employee share schemes where the exercise of the options takes place after the date of the AGM shall not exceed 25%. In relation to the Minority Interest Share Scheme, the dilutive impact when awards of subsidiary shares are made shall be determined by the remuneration committee as the highest dilutive impact that could be reasonably anticipated.

1.10 Other terms

The Share Incentive may not be assigned, charged or transferred.

The existence of the Share Incentive does not affect the Company's ability to change its share capital structure or to merge, consolidate, issue bonds, debentures, or preferred stock or to dissolve or liquidate the Company, or to sell or transfer any part of its assets or business.