

ZEG Power raises NOK 130m to deploy its zero-emission hydrogen production technology

ZEG Power's ground-breaking technology for clean hydrogen production is attracting significant attention. The globally mandated AP Ventures and SPARX Group (Mirai Creation Fund), in addition to Nysnø, the Norwegian state-owned climate investment fund, are among investors investing over NOK 130 million into the company.

ZEG Power develops clean hydrogen production technology with integrated carbon capture, based on sorbent enhanced reforming, producing streams of high purity hydrogen and high purity carbon dioxide ready for utilisation or storage. The technology was originally developed at the Institute for Energy Technology (IFE), which through its venture arm IFE Invest, will remain ZEG Power's major owner.

The Norwegian start-up has concluded an over-subscribed round of 130 million NOK, surpassing the 100 million NOK original target. Existing investors IFE Invest and Stratel are joined by AP Ventures, Nysnø, SPARX Mirai, Nordea Investment Management, Danske Capital, CCB, and CO2 Management. The company's near-term goals are to focus on the upscaling and commercialisation of their technology to the 250 - 5000 tonnes H₂/pa scale, the recruitment of a high-performing team, and growth of key partnerships.

The integrated and cost-competitive system will meet the growing demand for zero-emission hydrogen for both mobility and industrial applications. The first ZEG-H₂ plant will be built in CCB Energy Park at Kollsnes, adjacent to the planned Northern Lights large scale CO₂ storage facility. Production of clean hydrogen will start as early as 2022. Until the Northern Lights CO₂ storage facility is established, ZEG Power will use renewable biogas as input-gas in order to enable clean hydrogen production.

Hydrogen production from the first ZEG-H₂ plant and future site expansion shall provide zero-emission fuels to Norwegian and international transport and industry users. This will accelerate the transition to hydrogen as part of wider decarbonisation efforts by the Norwegian economy.

Quotes

"This overwhelming interest, from some of the world's leading technology players, clearly shows how important the efficient production of emission-free hydrogen is for the future. It has been important for us to attract these types of investors, bringing "smart capital" to the table. Having these key players on board provides ZEG Power with financial muscles and the ability to succeed with our ambitious plans, both in Norway and internationally." says Kathrine K. Ryengen, CEO, ZEG Power.

"The development of low-cost clean hydrogen technologies is critical to the decarbonisation of hard to abate sectors and the accelerated adoption of hydrogen mobility. I am very impressed by the ZEG Power team, and the innovative technology they are set to rollout to market. As a board member, I look forward to working with ZEG Power; sharing AP Venture's expertise, experience and network within the global hydrogen economy to create further value for the Company.", says Kevin Eggers, Partner, AP Ventures

- The ZEG technology is an important next step to ramp-up clean hydrogen production, and enables Norway to build on existing industries and new markets towards the hydrogen economy. It is especially attractive that ZEG Power brings together value chains for hydrogen with carbon capture and storage, bringing new opportunities for Norway as an energy nation. We look forward to

supporting ZEG Power through this next phase of commercialization at Kollsnes and beyond, says Siri Kalvig, CEO of Nysnø Climate Investments.

“The production of low-carbon and low-cost hydrogen is key to unlocking the benefits of a hydrogen society. I am very excited by the potential of ZEG Power’s technology and look forward to supporting ZEG Power through scale-up and commercialisation.”, says Masatoshi Fukami, Representative Director, Executive Deputy President, for the Mirai Creation Fund, SPARX Group.

“We are actively searching for companies that can help traditional industry companies transform to a future low-carbon regime. We believe ZEG Power have the potential to be one of those and are pleased to be an investor in the company”, says Lars Erik Moen, Head of Equity, Danske Invest.

“IFE has researched and developed the technology since 2001, and has put considerable efforts and resources into developing ZEG Power. We are very pleased to now get new investors onboard, with relevant competencies, network and capital to develop the company further”, says Nils Morten Huseby, President Institute of Energy Technology (IFE).

“We are looking forward to further develop and scale-up the ZEG technology together with our new investors. Our clean technology will contribute to reach climate neutrality as hydrogen becomes key in many industrial sectors.” says Jørgen Lundberg, CEO of IFE Invest AS.

“Our investment philosophy is Fun, Sense and Profit. So far, our investment in ZEG Power has made significant sense. Looking forward, with the new team, excellent partners, and highly regarded new owners in place, we look forward to fulfilling the remaining two; Fun and Profit!”, says Reidar Lorentzen, Chairman, Stratel AS.

“It has been fascinating to follow ZEG Power as a Boardmember and seed investor on the journey from R&D project to a commercial scale-up that has attracted specialised international and national investors. ZEG Power strikes a nerve in the current energy transition with its relevant technology for producing hydrogen including carbon capture”, says Audun Abelsnes, Managing Director of Techstars Energy

“CCB has a strategic ambition to become an active participator in building a total value chain, providing clean energy to the market. Based on ZEG Power’s technology, CCB will contribute to establish a future large-scale production and distribution of emission-free hydrogen at CCB Energy Park. This will be the best location for providing clean energy in various forms, both compressed and liquefied H₂, and other future emission-free products”, says Ronny Haufe, EVP, Coast Center Base AS.

ABG Sundal Collier and First Corporate acted as financial advisors to ZEG Power in connection with the capital raise. Schjødt acted as legal advisor to ZEG Power.

About ZEG Power

Created in 2008, ZEG Power is a Norwegian company located in Oslo, that aims to offer the world a cost efficient, clean alternative for energy production.

ZEG Power delivers technology for the efficient production of clean hydrogen from hydrocarbon gases, with integrated carbon capture. Examples of hydrocarbon gases are natural gas and biogas. Natural gas is currently the largest source of hydrogen. Hydrogen from biogas combined with carbon capture can achieve a negative carbon footprint.

ZEG Power's technology is based on research and development originated from the Institute for Energy Technology (IFE).

More info: www.zegpower.com

About Investors

About AP Ventures

AP Ventures is a venture capital fund headquartered in London. The Fund operates a global mandate to invest in pioneering new technologies and businesses which aim to solve global challenges such as renewable energy integration, resource scarcity and a growing population.

Focus areas include: the hydrogen value chain; fuel-cell electric mobility; energy storage platforms; water treatment solutions; sensors; durable electronics; and biomedical devices.

The existing portfolio includes investments in Alteryx Systems, Food Freshness Technology Holdings, ERGOSUP, Greyrock Energy, High-Yield Energy Technologies, Hydrogenious Technologies and United Hydrogen Group. All these companies either utilise or enable the use of Platinum Group Metals (PGMs).

AP Ventures is led by Andrew Hinkly (Managing Partner) and Kevin Eggers (Partner). Investors include Anglo-American Platinum, the Mirai Creation Fund, Mitsubishi Corporation, Plastic Omnium, and the Public Investment Corporation.

More info: www.apventuresllp.com

About SPARX Group

The Mirai Creation Fund I began operations in November 2015 with financing of JPY 13.5 billion from three companies: Toyota Motor Corporation, Sumitomo Mitsui Banking Corporation, and SPARX, the Fund's general partner. Ultimately, the Fund received contributions from 20 companies, including the above three. Casting intelligent technologies, robotics, and hydrogen-economy technologies as core technologies of the future, Fund I has invested in approximately 50 companies and projects—from the US, the UK, Israel, Singapore, and Japan—that possess innovative technologies in these fields. In H2 2018, SPARX began managing the Mirai Creation Fund II, which targets the three existing Mirai Creation fields along with the two additional areas of electrification and new materials. As of February 28, 2020, the combined AUM for Fund I and Fund II were JPY 109.3 billion.

Mirai Creation Fund investment track record: <https://mirai.sparx.co.jp/en/investment>

About Nysnø Climate Investments Nysnø Climate Investments is a state-owned investment company established in 2017 and based in Stavanger, Norway. Nysnø Climate Investments manages NOK 1.4 billion and invests in companies and funds with profitable and smart solutions to climate change. Focus areas for investments are renewable energy, resource efficiency, enabling technologies, sustainable demand and circular economy. The existing portfolio includes Otovo, eSmart Systems, Disruptive Technologies, NorSun, Sarsia Seed II and ArcTern Ventures Fund II. For more information see www.nysnoinvest.no/en

About CCB

Coast Center Base (CCB) is a Norwegian company with extensive experience and expertise within providing facilities, services, production, engineering and maintenance. CCB has a strong focus on value chain management and is well established for operating and participating through networking. CCB is a 24/7 company with locations along the Norwegian coast and in Las Palmas.

Our ambition is to operate in a best possible environmental way. We organize our locations and design our activities in such a way that our customers and environment can act or conduct their business with a reduced carbon footprint.

For more information, see: www.ccb.no

About Danske Invest

Danske Invest Asset Management AS is a Norwegian asset manager wholly owned by Copenhagen-listed Danske Bank A/S, one of the 20 largest banking groups in Europe. The firm manages Norwegian equities and fixed income, in addition to a number of multi-asset funds and discretionary mandates.

About Stratel

Stratel AS is a family owned Norwegian investment and development company, with the investment philosophy for Fun, Sense and Profit. The company is well known for successful investments in both startups and ventures: www.stratel.no

About IFE

IFE is a leading international research institute within energy, health and industrial development. IFE Invest AS is a fully-owned subsidiary of IFE, established to strengthen the commercialization effort from the institute and to contribute to a more active development of the spin-out companies. IFE Invest is responsible for all commercialization activities from IFE.