



## **Business Plan for European Development**

Chicago, Illinois, USA

January 25th, 2022

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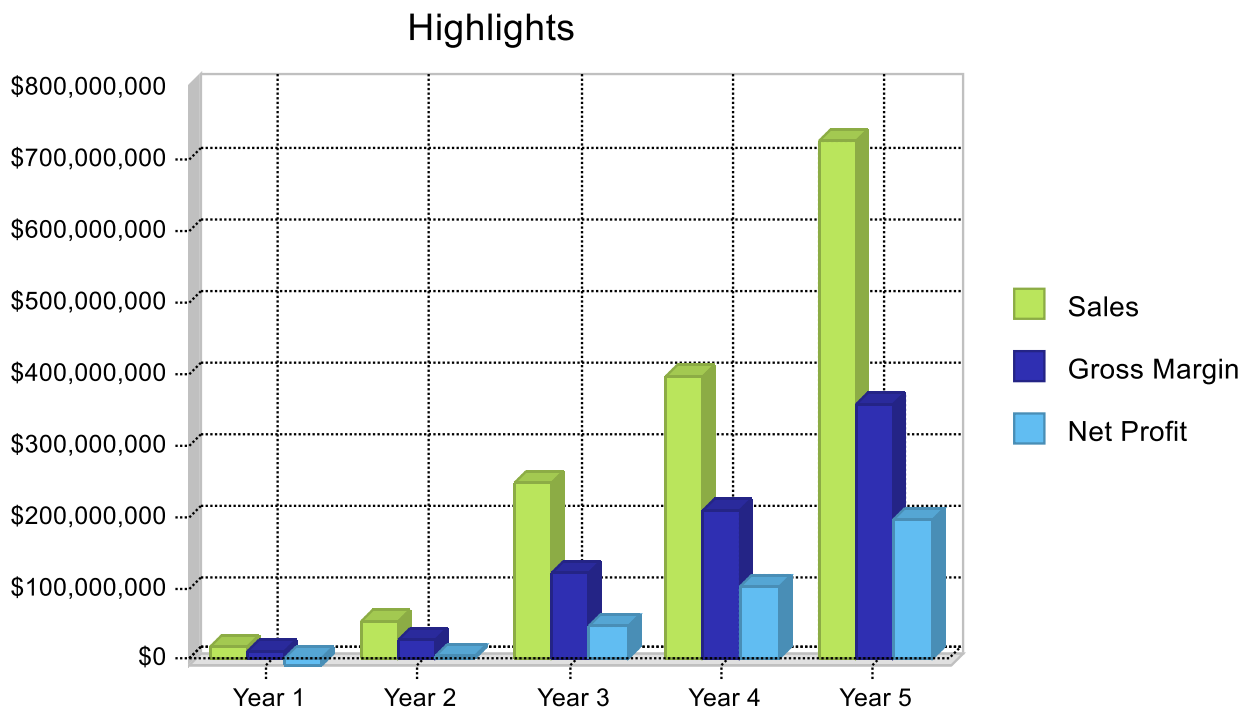
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## 1.0 Executive Summary

Our CEO, Fabrice Bonvoisin, was researching online news about technological advances in the field of Hydrogen production for a project he was working on, when an article caught his eye. It was referencing another field of expertise of his, aluminum (he had worked for Pechiney, the 4th largest aluminum producer in the world earlier in his career). The article seemed like science fiction – it was about making hydrogen from simply mixing aluminum powder with water! This technology was coming out of the US military, specifically the US Army Research Lab (ARL, the Army’s sole fundamental research laboratory focused on cutting-edge scientific discovery and technological innovation). The story sounded too good to be true, but it seemed “legit”, so he and his business partner Ernie Levine and got very excited, and immediately contacted ARL. After seeing the researchers’ demonstration and data, they were so amazed with the technology, that they decided to jump on the opportunity to acquire the license to this patent-pending technology.

The Bayh-Dole act, passed in 1980, allows small businesses and non-profit institutions to elect to take title to federally funded inventions under certain terms and conditions. It was enacted to provide incentives to promote commercialization of federally funded inventions. As a result, Fabrice Bonvoisin and Ernie Levine created a new small business company, H2 Power, and obtained a license with exclusive worldwide rights to this patented technology, for Transportation and Power Generation applications.

Chart: Highlights



## 1.1 Objectives

Our goal is to reduce CO2 emissions and protect the environment by offering efficient solutions to a global infrastructure for the supply of clean hydrogen in the Transportation industry sector.

## 1.2 Mission

Our mission is to develop efficient equipment and processes to safely produce that hydrogen at the point of use for transportation and power generation. Our goal is to help local governments and their economic stakeholders to effectively fight climate change by reducing CO2 emissions and greenhouse gases while building sustainable ecosystems.

H2 Power is committed to accelerate the world's energy transition. Its unique expertise is in the production of sustainable hydrogen by mixing a proprietary aluminum powder with water.

The journey has just started and already includes Europe, North America, and Asia.

We believe in teamwork, diversity, respect, and ethics.

## 1.3 Keys to Success

H2 Power aims to initiate the development of a hydrogen infrastructure by offering municipalities its safe and reliable source of clean hydrogen for public services (waste management, city buses, etc.). We are designing our proprietary system to bring low CAPEX as compared to electrolysis and biomass, easy installation near the point of use, no need for electricity, and scalability to respond to the demand.

In Europe, EU regulations for carbon reductions have already encourage a growing number of cities to prohibit the use of gasoline-powered vehicles. by the end of 2023, trucks with internal combustion engines will be taxed, and the carbon tax is expected to be widely implemented as well. In addition, the need for hydrogen everywhere quickly is an opportunity for H2 Power to compete in location inaccessible to electrolysis, biomass, and even gas pipeline terminals.

Not every city has access to green electricity (wind, solar, hydro, nuclear). Conversely, all we need is a source of tap water and access to recycled aluminum.

We expect the use of our hydrogen in public services to satisfy the expectations of the local populations, and to attract local companies with a need for hydrogen in transportation.

## 2.0 Company Summary

H2 Power is a Chicago-based company, created in 2019 by its founders, Mr. Fabrice Bonvoisin and Mr. Ernest Levine, to develop a global infrastructure for the supply of green hydrogen to the

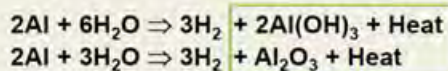
Transportation and Power Generation industry sectors. Our goal is to reduce CO2 emissions and protect the environment by offering efficient solutions to a global infrastructure for the supply of clean hydrogen in the Transportation industry sector.

H2 Power delivers a sustainable source of hydrogen. Our patented technology is a breakthrough in the industry. H2 Power was granted a global exclusive license for the use of a technology initially developed by the U.S. Army Research Laboratory, or ARL, the Army's sole fundamental research laboratory focused on cutting-edge scientific discovery and technological innovation. (<https://www.arl.army.mil/>).

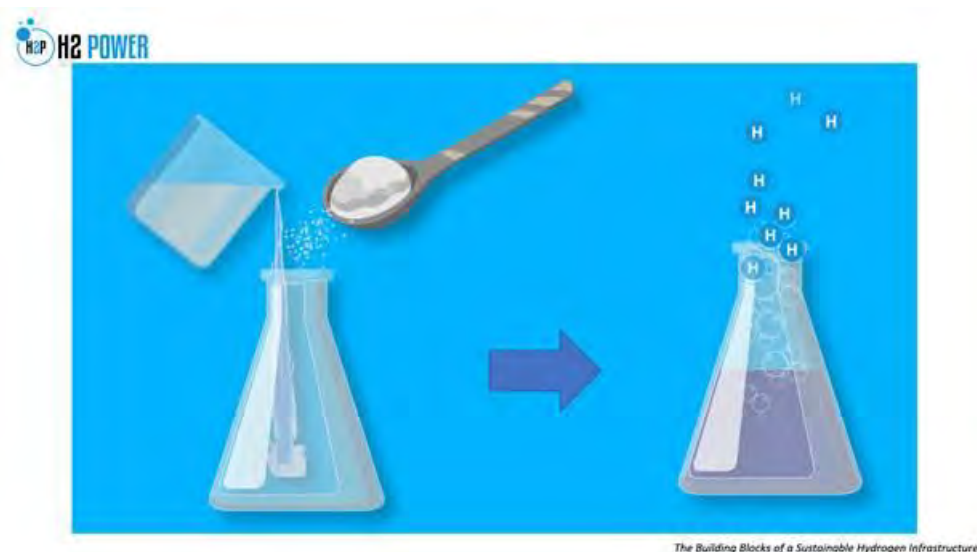
H2 Power manufactures equipment producing green hydrogen by mixing a proprietary aluminum powder with water. We also produce this aluminum powder, capable of generating pure hydrogen anywhere when simply mixed with water.

## HOW IT WORKS

Here is how the amazing technology developed by the US Army Research Lab and licensed exclusively by H2P Power works (the chemistry):



- When the specially formulated aluminum powder is dropped in water, it produces pure hydrogen instantaneously.
- Its by-product, alumina, can be recycled back into the original aluminum alloy and create a closed loop to produce green energy



This process is self-sufficient, requires no electricity... and it has a small footprint. It can take place about anywhere--as long as there is water and powder.

The powder can be made from recycled aluminum, and any water source is suitable for the reaction. So, there is no worry about any shortage of material. In 2009, 18 million tons of scrap were available worldwide. In 2019, this scrap availability has increased to 33 million tons.

## 2.1 Company Ownership

H2 Power is a Limited Liability Corporation, registered in the County of Cook, in the State of Illinois of the United States of America. Ownership is split equally between Mr. Levine, Executive Chairman, and Mr. Bonvoisin, Chief Executive Officer.

- **Fabrice Bonvoisin, CEO**  
Mr. Bonvoisin is CEO and co-founder of H2 Power. He is also the owner of FB International LLC, a Chicago-based consulting firm specializing in marketing and international business development services throughout the US, Europe and Asia.  
Fabrice held executive positions at Biosafe Medical Technologies, a Chicago-based biotech company, and at the Chicago Manufacturing Center, a local consulting firm specialized in small and medium companies.  
In Europe, he handled executive positions in Italy for the development of Castorama, the leading European Home Improvement retailer (now part of the KingFisher Group), and in France at the global research center of Pechiney, one of the World's largest aluminum producer and manufacturer now part of Constellium.
- **Ernie Levine, Chairman**  
Ernest Levine is Executive Chairman and co-founder of H2 Power. He is also the President and owner of Admiral Tool & Manufacturing of Michigan, an automotive supplier of black box design and assembly, primarily in steering related products. He has been active in all areas of manufacturing during his 45-year career including design engineering, production and general management. He has served in a CEO capacity since 1984. He has been a supplier to major U. S. and Japanese auto companies, as well as to manufacturers of agricultural equipment, electronics companies, and lawn and garden equipment.

## 2.2 Startup Summary

Since 2019, the owners of the company have financed all expenses. Its head office is located at the following address:

**H2 Power, LLC**  
333 North Michigan Avenue  
Suite 1117  
Chicago, IL 60601  
[www.h2psolutions.com](http://www.h2psolutions.com)

For the European development, H2 Power will establish in France a SAS (limited liability corporation). This entity will manage a headquarter, a research and development facility (for the mixing equipment and its attachments), an assembly plant producing mixers for the entire European market, and regional production facilities for the aluminum powder.

H2 Power is planning to hire Inextenso to establish this entity, and provide accounting, tax, and payroll services. The budgets in this business plan include prices of these services.

We expect the process of incorporation should only take to weeks maximum.

At the time of incorporation, the company will hire a local representative as the liaison between the management team in the US and the local authorities,

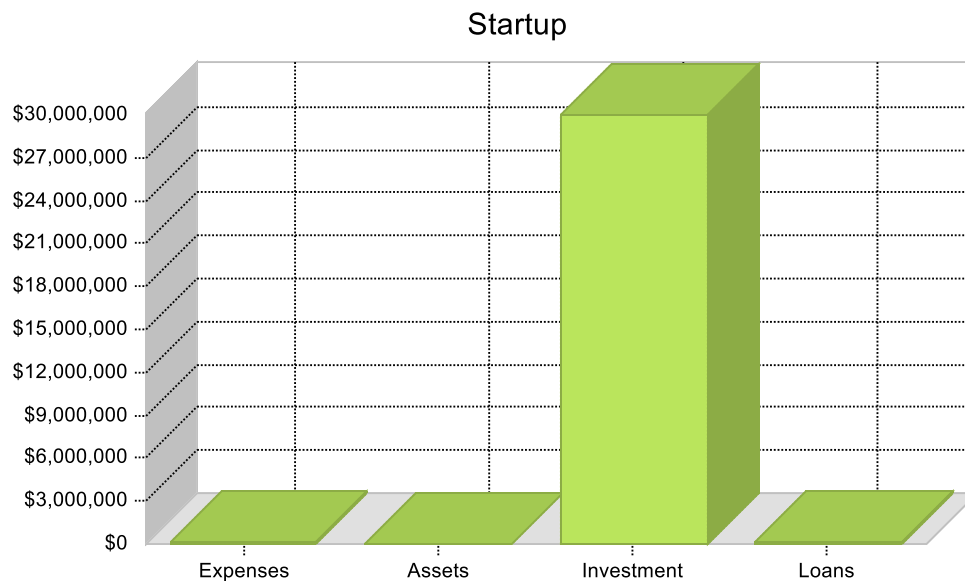
the startup budget reflects these needs,

Table: Startup

<i>Startup</i>	
Requirements	
Startup Expenses	
Legal	€3,500
Insurance	€1,000
Rent	€4,800
Local representative	€80,000
Other	€25,000
Total Startup Expenses	€114,300
Startup Assets	
Cash Required	€20,000
Startup Inventory	€0
Other Current Assets	€0
Long-term Assets	€0
Total Assets	€20,000
<b>Total Requirements</b>	<b>€134,300</b>



Chart: Startup



### 3.0 Products and Services

Besides the development of an industrial production capacity for the powder, the company is developing a proprietary mixing equipment that will mix water with the aluminum powder to produce hydrogen at the point of use.

H2 Power's product line is composed of the following:

#### 1) Aluminum-based Powder:



Produces hydrogen	10 kg of powder with water = 1kg of H2 in minutes
>90% Aluminium	<ul style="list-style-type: none"> <li>- Safe to store</li> <li>- Low-cost to transport</li> <li>- Environmentally friendly</li> </ul>

#### 2) Mixing equipment:



\*Products under development. This picture is purely indicative and does not represent the actual products.

Models*	Capacity
M200W (mobile station)	up to 120 kg/H2 per day (24h) (enough for 2 excavators' full day)
M400	up to 400 kg/H2 per day (24h) (130 cars or 12 trucks/buses per day)
M1600	up to 1.600 kg/H2 per day (24h) (530 cars or 50 trucks/buses per day)

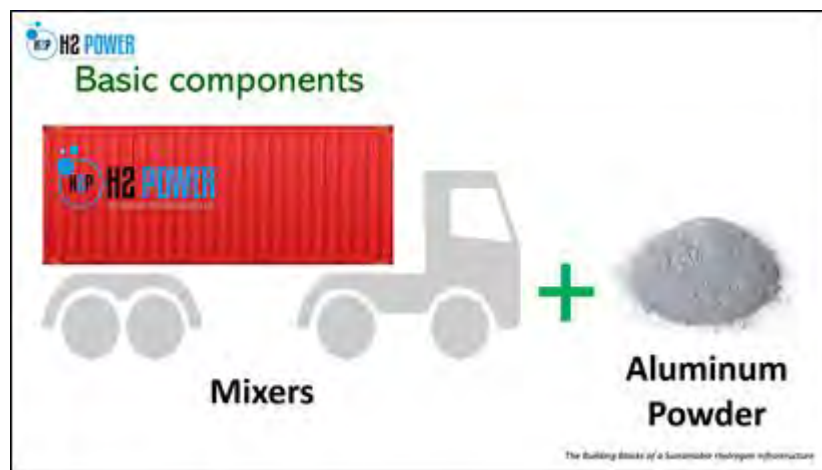
It is important to mention that each ton of H2 power powder mixed with water produces 2 tons of alumina (oxide, hydroxide). The company intends to collect and refine this material before selling it for existing applications. This is a source of indirect revenue critical to reduce the cost of the aluminum powder.

Additionally, the company will provide maintenance services through local certified agents, and a catalog of hydrogen equipment and vehicles to purchase through local partnerships.

As the business grows, financial services such as leasing will be offered.

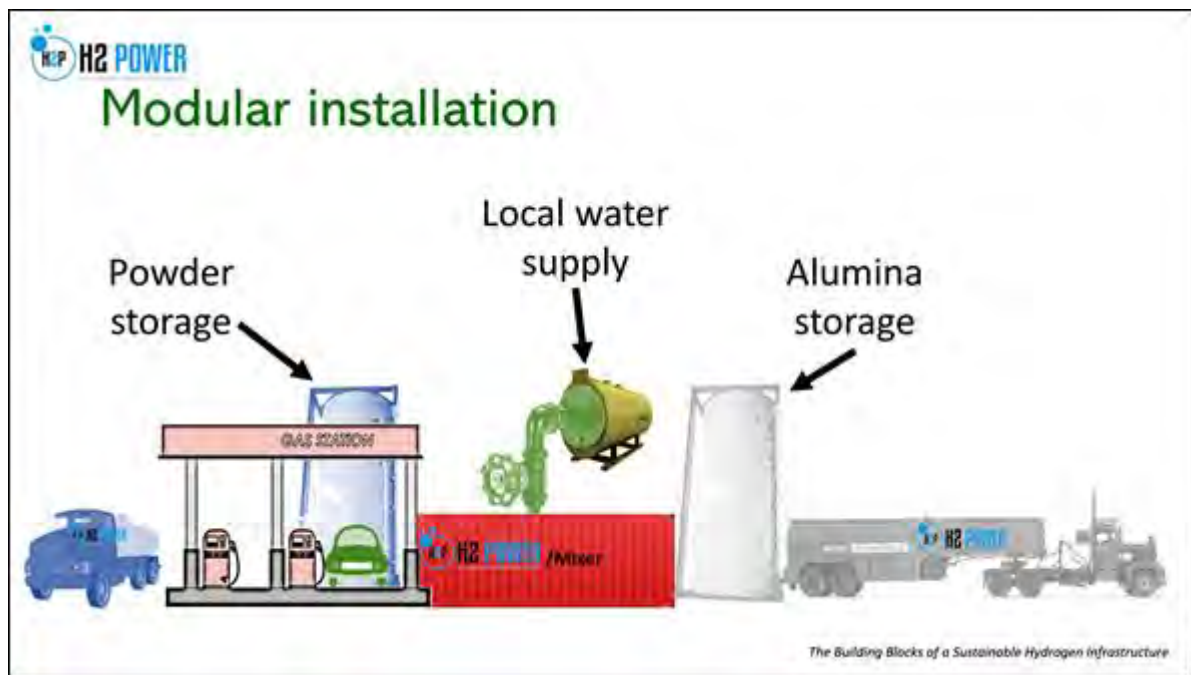
If governments want to expand the usage of hydrogen-powered vehicles (FCEVs) to combat climate change, users need places to refuel these vehicles, and H2 Power's solution makes that infrastructure safer, cheaper, and greener.

H2 Power is developing a modular system to be easily installable, and remotely managed. "Mixers" designed by our engineers to fit in standard shipping containers. Once our mixer is installed, all we must do is ship powder as needed.



To make a station, we need a water supply, a powder storage, an alumina storage, and hydrogen pumps (already available today).

- Safe handling of aluminum powder compressed in packaged pellets
- Low-cost transportation
- No electricity, catalysts or harmful chemicals required
- The resulting by-products, is alumina



This modular system for refueling stations can be easily installed anywhere to deliver green hydrogen where drivers of trucks, vans, buses, and cars need it.

That means no more transport of hydrogen; we eliminate the dangerous and expensive shipping and handling of compressed or liquified hydrogen. We are shipping pellets of aluminum! How simple.

For example, a bag of 500 kg (1,100 lbs.) of powder can produce enough green hydrogen to refuel at least 12 Toyota Mirai for a range of 350 miles each!

As a result, we welcome collaboration with OEMs of hydrogen-powered vehicles to develop refueling stations where they want to sell vehicles.

#### 4.0 Market Analysis Summary

Greenhouse gases generated by fossil fuels are a leading contributor to global warming and climate change. Global warming occurs when carbon dioxide (CO<sub>2</sub>) collects in the atmosphere and absorbs sunlight and solar radiation bouncing off the earth's surface.

According to the EPA, the primary source of greenhouse gas emissions in the US, in 2018 was the Transportation sector, with 28% of total emissions. It is the largest polluter, primarily from burning fossil fuel for our cars, trucks, ships, trains, and planes. Second is Power Generation with 27%, due to coal and natural gas power plants.

According to the California Fuel Cell Partnership, although there have been vast improvements in batteries, Battery Electric Vehicles (EVs) offer limited range of and long charging times, which restricts their utility. This option is thus not suitable for large trucks, delivery vans, and buses. Access to a charging station in a garage is a challenge for most drivers and electric utilities.

Conversely, Hydrogen fuel-cell electric vehicles, or FCEVs, can be used for long trips and be refueled quickly, from 4 minutes in average for a car to 15 minutes for a highway truck.

The infrastructure needed to serve fuel cell vehicles has a much smaller footprint than that of charging stations for multiple vehicles. Each hydrogen station can support several thousand vehicles without requiring new electrical grid infrastructure.

Bottomline, FCEVs (hydrogen-powered vehicles) are:

- more driver-friendly
- Allow longer range per refuel
- provide the same environmental benefits of electric vehicles and only emit water vapor
- and use hydrogen 100% carbon-free when produced using renewable energy.

Hydrogen is today, in 2022, on top of the agenda of many countries. The European market has put in place a lot of regulations for carbon reduction, and incentives. Many member-countries have made available addition funding for hydrogen projects. as a result of discussions prospective partners and customers, H2 Power is focusing on the following segments:

- Municipalities: European cities have started to restrict the use of combustion engines as a first response to the growing demand from voters for action towards climate change and the reduction of carbon emissions.
- Third Party Logistic companies and large private fleers (3PI): pushed by the increasing demand for environmentally friendly solutions, companies are demanding for hydrogen stations close to their warehouses, along the highways, and in cities. It is the case for example of STEF, a large French short line 3PI company, and the Germany company CargoBeamer.
- Other applications: manufacturers of hydrogen-powered equipment such as forklifts and excavators need to provide a solution for clean hydrogen to their customers. PlugPower, the world's largest maker of hydrogen-forklifts, is now offering small electrolyzers to their customers. The Military in the US and France for example are looking for hydrogen solutions to power their future fleets of clean vehicles on the field.

In Germany for instance, cities like Hamburg have started to ban diesel vehicles starting in 2018. Many cities have followed since then in the country but also in France, Italy, Spain, and the U.K. With no diesel vehicles allowed within city limits, cities are in a race to replace their existing diesel service vehicles with hydrogen fuel-cell powered vehicles. The most pressing challenge they face as they are contemplating this change is how to fuel the trucks, as they are confronted with the challenges mentioned above, namely the cost and difficulty to transport hydrogen to where it is need, especially if they do not have infrastructures such as wind, solar or hydraulic power to produce the energy needed to create enough hydrogen nearby.

That is where H2 Power comes into play. We can supply the necessary devices capable of producing hydrogen on premises using the aluminum powder for a fraction of the land footprint necessary for a wind farm, for instance, and at a fraction of the cost. Not only is the initial investment smaller, but the efficiency of our process is greater than electrolysis, and cleaner than natural gas conversion, making the hydrogen produced significantly cheaper. Finally, cities can close the loop by supplying H2 Power with recycled aluminum from their existing waste recycling programs to manufacture the powder used in the production of the hydrogen, lowering their cost

even further, and can recycle the alumina produced by their green hydrogen plant to produce more recycled aluminum.



#### 4.1 Market Segmentation

For now, H2 Power wants to focus its market development on the following segments:

1. Municipalities: substantial number per country, with thousands of vehicles in use every day in urban areas.
  - Garbage collection: thousands of trucks used every day for a service paid by taxpayers.
  - Municipal buses: thousands of vehicles used every day and paid by passengers.
  - Utility vehicles: Thousands of vehicles used for municipal staff to do work on the field.
  - Specialty equipment (excavators, specialty trucks): a lesser number of vehicles, but for specific tasks.
2. Private companies in logistics:
  - Warehouse companies: constant roll of in-bound and out-bound trucks close to municipalities forbidding (or about to) diesel or gasoline powered vehicles.
  - Freight companies: need for hydrogen infrastructure before buying hydrogen trucks for large fleets of long-haul trucks, and last mile deliveries (from and to rail, ship).

- Tourism bus lines: need for hydrogen infrastructure before buying hydrogen buses for long trips.
- 3. Public refueling stations:
  - Gas stations: Thousands of franchisees are looking for a hydrogen solution to replace progressively their gasoline dispensers in hope to do good for the environment and make more money on kg of hydrogen than on a liter of gasoline.
- 4. Other applications: H2 Power has received inquiries for other applications. While they are there, this is not a main segment the company will pursue before a year or two.
- 5. Alumina: each owner of an H2 Power mixer will generate substantial amounts of alumina. We will collect this alumina to refine it at a central location before reselling it.

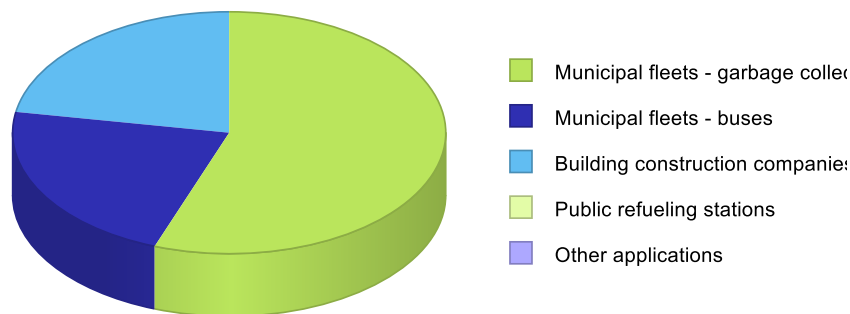
H2 Power's product line is adapted to these segments, which will allow more sales per item to benefit from economy of scale. The powder will be the same for all mixers.

Table: Market Analysis

<i>Market Analysis</i>		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Municipal fleets - garbage collection	71%	5	4	10	20	40	68.18%
Municipal fleets - buses	100%	2	4	10	20	40	111.47%
Building construction companies	100%	2	4	10	20	40	111.47%
Public refueling stations	100%	0	0	20	10	20	0.00%
Other applications	0%	0	0	0	2	8	0.00%
<b>Total</b>	<b>101.37%</b>	<b>9</b>	<b>12</b>	<b>50</b>	<b>72</b>	<b>148</b>	<b>101.37%</b>

Chart: Market Analysis (Pie)

Market Analysis (Pie)





## 4.2 Service Business Analysis

H2 Power's equipment will require a safety and quality inspection every year, if not more often. Maintenance services for filters on mixers will be also needed on a regular basis.

The company intends to create a certification to allow local agents to provide these services. These services and the content of the certification will be developed as the mixers get ready for production. This is the reason this segment is not included yet in the sources of revenues.

### 4.2.1 Competition and Buying Patterns

Today, the two main sources of hydrogen present major problems:

- Natural gas conversion/reformation: This method produces 97% of the hydrogen consumed today and generates 7 times more CO<sub>2</sub> than it produces hydrogen (7kg x 1kg) and requires a dangerous and expensive infrastructure to deliver the hydrogen where it is needed.
- Electrolysis: Wind and solar energy are quickly emerging as the eco-friendly energy source to produce green hydrogen through electrolysis. However, because it is a slow process consuming a lot of electricity, it must run 24/7 and requires expensive hydrogen storage. In addition, clean energy and electrolyzers require a lot of land and expensive installations with batteries and connection to the grid, making it expensive.

As a result, the expansion of FCEVs faces a dilemma: on one hand we have low-cost hydrogen emitting a lot of CO<sub>2</sub>, and on the other hand, we have an expensive green hydrogen consuming a lot of electricity.

In addition, both types of large production facilities are usually located far from where hydrogen is needed and require specialty trucks to deliver the gas to the stations where it is stored, making the infrastructure dangerous and expensive.

Finally, as of January 2021, there were only 45 publicly accessible hydrogen refueling stations in the US, 43 of which are in California. In order to supply hydrogen to these stations, large companies are investing in more production facilities. However, only a small portion produces green hydrogen.

By comparison, Europe, which has a dense population, had 177 hydrogen stations at the end of the year 2019, in Germany and in France. However, they face the same problem: how to develop a green hydrogen infrastructure.

## 5.0 Strategy and Implementation Summary

To respond to the strong demand for its technology in Europe, H2 Power has developed an operation plan composed of four elements:

1. A country office in charge of managing the activities in the country. Many countries have expressed an interest for this office, but France and Germany are presenting the best alternatives. We estimate the need for financing of this group at €10 million, for 15 to 35 jobs in 3 years.

2. The first operation to establish is a Research and Development Team. This entity will be responsible to adapt the design of the mixers to the EU standards; identify local suppliers for machinery and equipment used in the production of the powder; define the specifications of the aluminum to be purchased from recyclers and develop a protocol for the refining of the alumina collected for the best value. We estimate the need for financing of this group at €6 million, for 19 to 56 jobs in 3 years.
3. The R&D team will guide the Engineering team in building a production facility for the mixers. This unique facility will produce ALL mixers to be sold within the EU market to benefit from substantial economy of scale. We estimate the need for financing of this group at €19 million, for 27 to 100 jobs in 3 years.
4. The R&D team will also guide the Engineering team in the design and build of powder production facilities. These plants will expand in 3 phases of 70,000 ton each up to a total of 210,000 ton per year. These facilities will be strategically located close to customers (i.e. buyers of H2 Power's mixers) and sources of recycled aluminum. It is important to note that the production line designed is composed of machinery using electric motors only. No heat or chemicals will be used in the process. We estimate the need for financing of this group at €10 million for the work with architects and engineers to prepare the application for building permits, and additional €94 million for the installation of machinery, equipment into an existing building. This operation will create 74 to 342 jobs in 3 years, at each plant.

A description of each entity was sent in 2021 to EU agencies to review (see attachment).

It is important to note that the simplicity of H2 Power's system makes it equally available to all member state of the European Union, or any country in the world for that matter. This criterion is important when applying for EU funding of demo projects. In October 2020, H2 Power took part of a consortium and applied for EU funding. Here is what we learned from the results of this application:

Criterion 1 – Greenhouse gas emissions: score 0 - Without information on the consumption of electricity to produce the powder and process the recycled aluminium, they did not take into account the other calculations at the level of the stations, which was negligible. Today, we have identified suppliers of the machinery to produce the powder. The Engineering team will be able to calculate the energy balance, along with an estimation of CO2 footprint.

Criterion 2 – Innovation: score 4.5/5 (minimum to pass 3/5) - Should we had a pilot/demo station in place at that time, we would have scored 5/5! Today, the technology is patented, and our plan includes demo projects.

Criterion 3 – Project maturity: score 2/5 (minimum to pass 3/5)

- Technical maturity sub-criterion: 1.5/5 - We provided too few technical elements about the powder production process, the mixing equipment, and no pilot available. Today, we can detail how we will produce the powder. We are also able to provide lab results from the tests of components designed specifically for the process used in the mixing equipment. Once a mini production line of powder is installed, the R&D team will be able to determine the specifications for the recycled aluminum to be used and purchased from recyclers.
- Financial maturity sub-criterion: 2/5 - Despite having large companies in the consortium (STEF, Assystem, etc.), H2 Power was not in a position to provide enough sources of financing to



support the project. This is an additional reason H2 Power wants to partner with municipalities and regions. Their support, through various mechanisms such as grants and purchase agreements, H2 Power will be able to present a better balance sheet when applying for larger national and EU funding programs, together with its partners.

- Operational maturity sub-criterion: 2.5/5 - The "implementation" plan we provided was not sufficiently developed, and the case for securing the supply of aluminum in the event of a supply failure was not strong enough. Today, 2 municipalities in France have offered to supply the aluminum generated by their waste treatment, demonstrating a high political will estimated at 100 tons of material.

Municipalities and regions can also incentivize industrial companies to provide their scrap to produce the powder. The use of carbon credits and offsets should be examined. The benefit of carbon credits/offsets and tax avoidance generated by the scrap they would provide to H2 Power to produce green hydrogen and lower the CO2 emissions, might be higher than the savings generated by the reuse of the scrap in their own operation. For example, now Mercedes-Benz sends its aluminum scrap to Novelis, which in return mix it with primary aluminum to produce aluminum back to Mercedes-Benz. The only benefit is the reduction of CO2 from the energy needed for the recycling. Whereas the use of the same scrap by H2 Power would secure the supply of reduced cost of aluminum, which would reduce the cost of the powder, and make clean hydrogen more affordable at the pump. The latter would then foster the development of hydrogen stations, leading to more sales of Mercedes's hydrogen trucks, and therefore less penalties (as explained by the EU at this website: [CO<sub>2</sub> emission performance standards for cars and vans \(europa.eu\)](https://ec.europa.eu/euro-observatory/en/CO2-emission-performance-standards-for-cars-and-vans)).

## 5.1 Competitive Edge

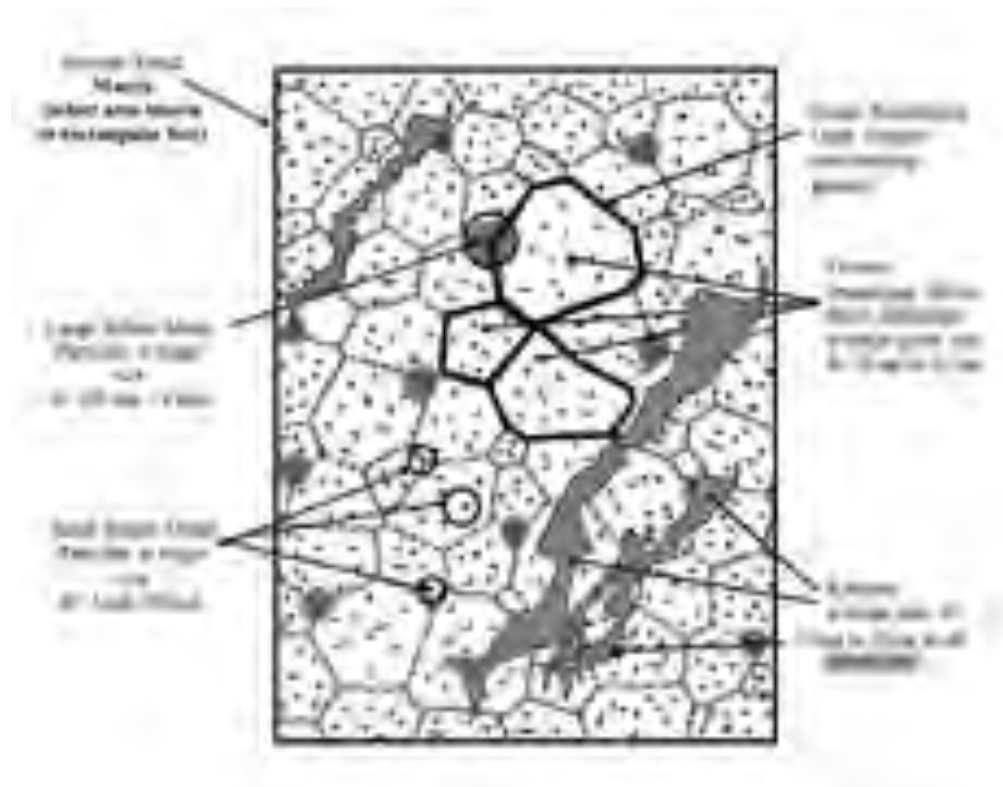
H2 Power's technology is now patented in the US, South Korea, Japan, and Europe.

Here is how this amazing technology from the US army works:

- When the specially formulated aluminum powder (grain of 35-45 microns) is dropped in water, it starts producing pure hydrogen instantaneously, and will be 100% consumed in minutes (if there is water to react with)
- The reaction produced a by-product called alumina. Depending on the ratio powder/water, this alumina will be Aluminum Oxide (Al<sub>2</sub>O<sub>3</sub>) or Aluminum Hydroxide (Al(OH)<sub>3</sub>). Both materials can be refined before being sold to existing applications or be recycled back into the original aluminum alloy. It is important to note that this alumina is the first of its kind to be produced without the use of Bauxite and the very polluting Bayer process. This is another benefit of H2 Power for the environment.
- For safety reasons and ease of handling, the process developed by H2 Power uses pellets of compressed powder (see picture below).



- All chemists know that crystals of aluminum react naturally with water. The US Army has found a way to eliminate the layer of oxidation providing a natural protection of the crystal, and still allow the water to react with the crystal. as a result, the reaction is self-sufficient and requires no electricity...only water.



- H2 power is designing a set of mixing equipment using a modular system based on container size modules. the goal is to reduce the required footprint and facilitate transportation and installation about anywhere if there is water and powder. The picture below shows the top of the reactor made to H2 Power's specifications, for a test at scale 1:1. The data collected this month will help our engineers to finalize the process for the M200W mixer.



- The powder can be made from recycled aluminum, and any water source is suitable for the reaction (if there is no chlorine in it).

In 2009, 18 million tons of scrap were available worldwide. In 2019 this scrap availability has increased to 33 million tons. Growing by an average 6% a Year. However, since 2021, the pressure on reduction of carbon emissions has pushed many manufacturers to use recycled aluminum instead of primary aluminum, or cheap aluminum made in China with electricity from coal fired plants.

## 5.2 Marketing Strategy

The leading stakeholders involved in climate change are governments at all levels. They know that people want action from them, almost at any cost.

Through 2021, many hydrogen projects for demonstration have been launched. Oil and gas companies lead these projects. Among them we find Shell with a large electrolysis project in the Netherlands. Linde, Nel, Air Liquide and Air Products have multiple projects in multiple countries. Behind the demonstration of their capabilities to produce hydrogen from electrolysis, they hide the fact that electrolysis is not an innovation and is not efficient. As the mayor of Montpellier, France stated in January 2022 when he cancelled a project for 51 hydrogen buses to be supplied by electrolysis: "It make no sense to use clean electricity to produce clean hydrogen, to produce electricity for these buses". As a result, the city is now looking at buying electric buses.

This decision comes at an interesting time when energy prices in Europe are increasing substantially. Both association, Aluminium France and Aluminium Europe, have raised officially their concerns during the Aluminov Conference (January 20, 2022) about this dangerous trend for the industry.

By comparison, it takes roughly 0.7 Mwh to produce 1 ton of recycled aluminum, which will produce 100+ kg of clean hydrogen, with 100% efficiency. In addition, municipalities adopting our system will not need to invest in costly and complex solar or wind farms to supply clean electricity for electrolysis. The mayor of Stassfurt, Saxony-Hanhart, understood that critical benefit when we met with him in October 2021.

In the US, many projects funded by the US Department of Energy are focused on hydrogen cost, opening the door to natural gas reforming as a valid solution to the environment. This attitude contrasts with Europeans we have spoken to and met with in 2021 who expressed an exclusive interest for clean hydrogen, and therefore a curiosity for H2 Power's products.

H2 Power's marketing strategy is focused on developing close relationship with municipalities and regions. With them, the company will be better positioned to obtain grants and financing for the demo projects, and the permanent direct jobs they will generate locally. In addition, we would like to work with these partners to evaluate the impact of H2 Power's operations on indirect jobs.

- Aluminum powder: indirect jobs could be at local scrap metal collectors, at aluminum recyclers, and all trucking services for the additional volumes of material to collect and deliver.
- Alumina: indirect jobs could be at all trucking services for a new material to collect and deliver locally and daily.



- Refueling stations: Each mixer in operation will expand the hydrogen infrastructure. Indirect jobs will be at architecture firms designing stations around our solutions, at construction companies to build them, at manufacturers producing the necessary components such as compressors, storage tanks, chillers, and dispensers. Manufacturers of hydrogen vehicles will benefit too, but this is not specific to H2 Power though. Additionally, H2 Power intends to help preserve jobs at existing gas stations by facilitating the transition from gasoline to hydrogen.

In summary, H2 Power's marketing strategy is based on strong collaborative relationships at municipal and regional levels, close to the population and the market. We also expect the word-of-mouth to bring our solutions to the attention at national levels too, at some point.

### 5.3 Sales Strategy

H2 Power sales strategy is to value our municipal and regional partners by providing the safest clean hydrogen at the best price. People know that gas reforming and electrolysis are not the best solutions for now. They are, in many respects, the Toyota Prius of the electric transportation before Tesla.

To capture the tremendous pent-up demand for clean hydrogen accessible everywhere, H2 Power needs to:

- Develop a website that provides municipal and regional managers and decision makers the necessary information about safety, energy and CO2 efficiency, and compliance of its products.
- Create a presence on social media using H2 Power demo projects with municipalities and regions to educate the public with facts about clean hydrogen production, the benefit of metal recycling for the communities, and how the use of hydrogen transportation impacts the carbon and green-house gas emissions.
- Foster collaboration with Non-Government Organizations on bringing energy from power generators using H2 Power powder in communities off the grid today. Giving access to electricity opens the door to education, safer houses, and economic growth. many organizations such as the MacArthur Foundation, in Chicago, has programs with not-for-profit organizations on this topic. However, the Foundation, due to internal rules, cannot work directly with H2 Power. However, local not-for-profit organizations can submit proposals to the foundation that include H2 Power's equipment.
- Valorize the recycling industry at the global level, and inform people on recycling programs, initiatives in their surrounding communities, career paths available in the industry, and explain how their actions can contribute to the protection of the environment.
- Unify everyone around the fact that together with the simple concept, Aluminum + Tin + water equals clean hydrogen and alumina, we have the powder to change the fate of the climate.

Our commitment to corporate social and environmental responsibility is already expressed on our website (see section 1.2).

Today, our website and the corporate page on LinkedIn provide leads and contacts that support the validity of this sales strategy at every levels.

### 5.3.1 Sales Forecast

The sales forecasts of this business plan are the results of current leads in France and Germany, complemented by data provided by the work done in 2021 with some members of the 2020 consortium.

The projected units reflect the progressive increase of capacity of the production of powder. Here are a few assumptions to keep in mind:

- Sales of **Powder** are calculated as indicated previously, or 50% of each mixer's maximum production capacity. Some sources have offered small amounts of recycled aluminum for a very low cost, otherwise, others have made offers at a cost of €1,000/t. We will need to secure much more recycled aluminum, but for now we target an initial selling price at €1,500/t. In 2020, we received a letter of Intent from a group of 220 municipalities stating it was ready to support a demo site with H2 Power and buy our hydrogen at €20/kgH<sub>2</sub> for the first 2 years.
- The **M200W** is a unique mobile refueling station. It will be capable to produce 200 kgH<sub>2</sub> per week, anywhere it goes, operating 8 hours per day, equivalent to 104 t of powder per year. We estimate the price of a unit at €1.5 million and expect it to operate only at 50% capacity due to the fact that not many construction equipment powered by hydrogen fuel cells are today available. Each weight of powder consumed will automatically generate its double in alumina. So, 104t of powder will produce 208t of alumina, which is how we calculated the volume of sales for the alumina.
- The **M400** has a capacity of 400 kgH<sub>2</sub> per day, operating 24 hours per day, consuming 1,440t of powder per year (360 days). We estimate the price of a unit at €2.3 million and expect it to operate only at 50% capacity since not many hydrogen vehicles are yet in use today. It will be able to generate up to 2,880t of alumina, which is how we calculated the volume of sales for the alumina.
- The **M1600** has a capacity of 1,600 kgH<sub>2</sub> per day, operating 24 hours per day, consuming 5,760t of powder per year (360 days). We estimate the price of a unit at €3.8 million and expect it to operate only at 50% capacity because not many hydrogen vehicles are yet in use today. It will be able to generate up to 11,520t of alumina, which is how we calculated the volume of sales for the alumina.
- **Maintenance services** will be part of the business model, but we need to complete trials of the mixers on demo sites to determine the appropriate maintenance programs (Warranty, frequency, parts to check, change, validate replacement parts, etc.). Once this task is done, we will be able to prepare a training program to certify local professionals to deliver the services.
- Sales of **Alumina** are calculated as indicated previously. It is important to note that two established companies have expressed an interest for our alumina when it becomes available. Providing that the refining process provide the quality expected, this demand is more than 70,000t per year. The current price of Alumina varies between €200 and €900/t, depending on its quality after refining.

Table: Sales Forecast

<i>Sales Forecast</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Unit Sales					
M200W	3	4	10	24	48
M400	3	4	20	24	48
M1600	1	4	20	24	48
Kg of powder	2,264,000	12,964,000	58,738,000	117,476,000	234,952,000
Maintenance services	0	0	0	0	0
Alumina	3,676,000	23,512,000	105,436,000	224,380,000	423,052,000
Total Unit Sales	5,940,007	36,476,012	164,174,050	341,856,072	658,004,144
Unit Prices	Year 1	Year 2	Year 3	Year 4	Year 5
M200W	€1,500,000.00	€1,500,000.00	€1,500,000.00	€1,500,000.00	€1,500,000.00
M400	€2,300,000.00	€2,300,000.00	€2,300,000.00	€2,300,000.00	€2,300,000.00
M1600	€3,800,000.00	€3,800,000.00	€3,800,000.00	€3,800,000.00	€3,800,000.00
Kg of powder	€1.50	€1.50	€1.50	€1.35	€1.00
Maintenance services	€0.00	€1,000.00	€1,000.00	€1,100.00	€1,200.00
Alumina	€0.20	€0.20	€0.20	€0.25	€0.30
Sales					
M200W	€4,500,000	€6,000,000	€15,000,000	€36,000,000	€72,000,000
M400	€6,900,000	€9,200,000	€46,000,000	€55,200,000	€110,400,000
M1600	€3,800,000	€15,200,000	€76,000,000	€91,200,000	€182,400,000
Kg of powder	€3,396,000	€19,446,000	€88,107,000	€158,592,600	€234,952,000
Maintenance services	€0	€0	€0	€0	€0
Alumina	€735,200	€4,702,400	€21,087,200	€56,095,000	€126,915,600
Total Sales	€19,331,200	€54,548,400	€246,194,200	€397,087,600	€726,667,600
Direct Unit Costs	Year 1	Year 2	Year 3	Year 4	Year 5
M200W	€700,000.00	€700,000.00	€700,000.00	€630,000.00	€700,000.00
M400	€920,000.00	€920,000.00	€920,000.00	€828,000.00	€920,000.00
M1600	€1,520,000.00	€1,520,000.00	€1,520,000.00	€1,322,400.00	€1,520,000.00
Kg of powder	€1.00	€1.00	€1.00	€0.80	€0.75
Maintenance services	€0.00	€500.00	€500.00	€550.00	€600.00
Alumina	€0.05	€0.05	€0.05	€0.05	€0.05
Direct Cost of Sales					
M200W	€2,100,000	€2,800,000	€7,000,000	€15,120,000	€33,600,000
M400	€2,760,000	€3,680,000	€18,400,000	€19,872,000	€44,160,000
M1600	€1,520,000	€6,080,000	€30,400,000	€31,737,600	€72,960,000
Kg of powder	€2,264,000	€12,964,000	€58,738,000	€93,980,800	€176,214,000
Maintenance services	€0	€0	€0	€0	€0
Alumina	€183,800	€1,175,600	€5,271,800	€11,443,380	€22,007,165
<b>Subtotal Direct Cost of Sales</b>	<b>€8,827,800</b>	<b>€26,699,600</b>	<b>€119,809,800</b>	<b>€172,153,780</b>	<b>€348,941,165</b>

Chart: Sales Monthly

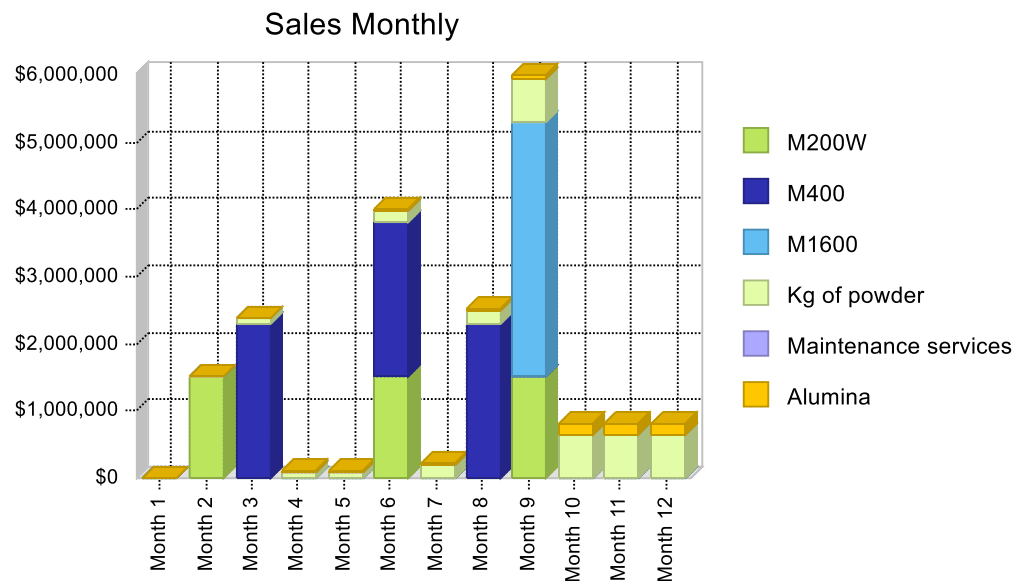
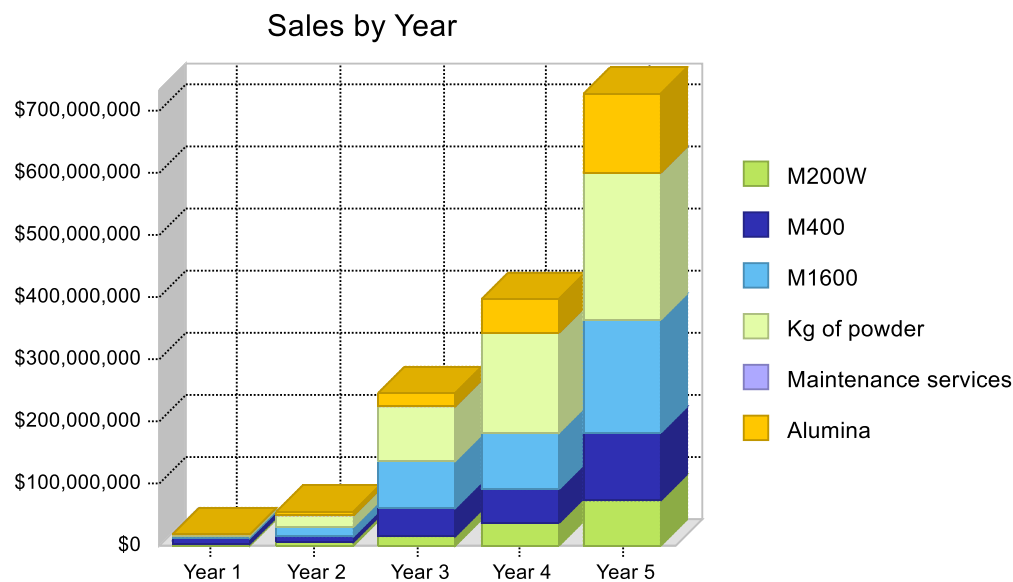


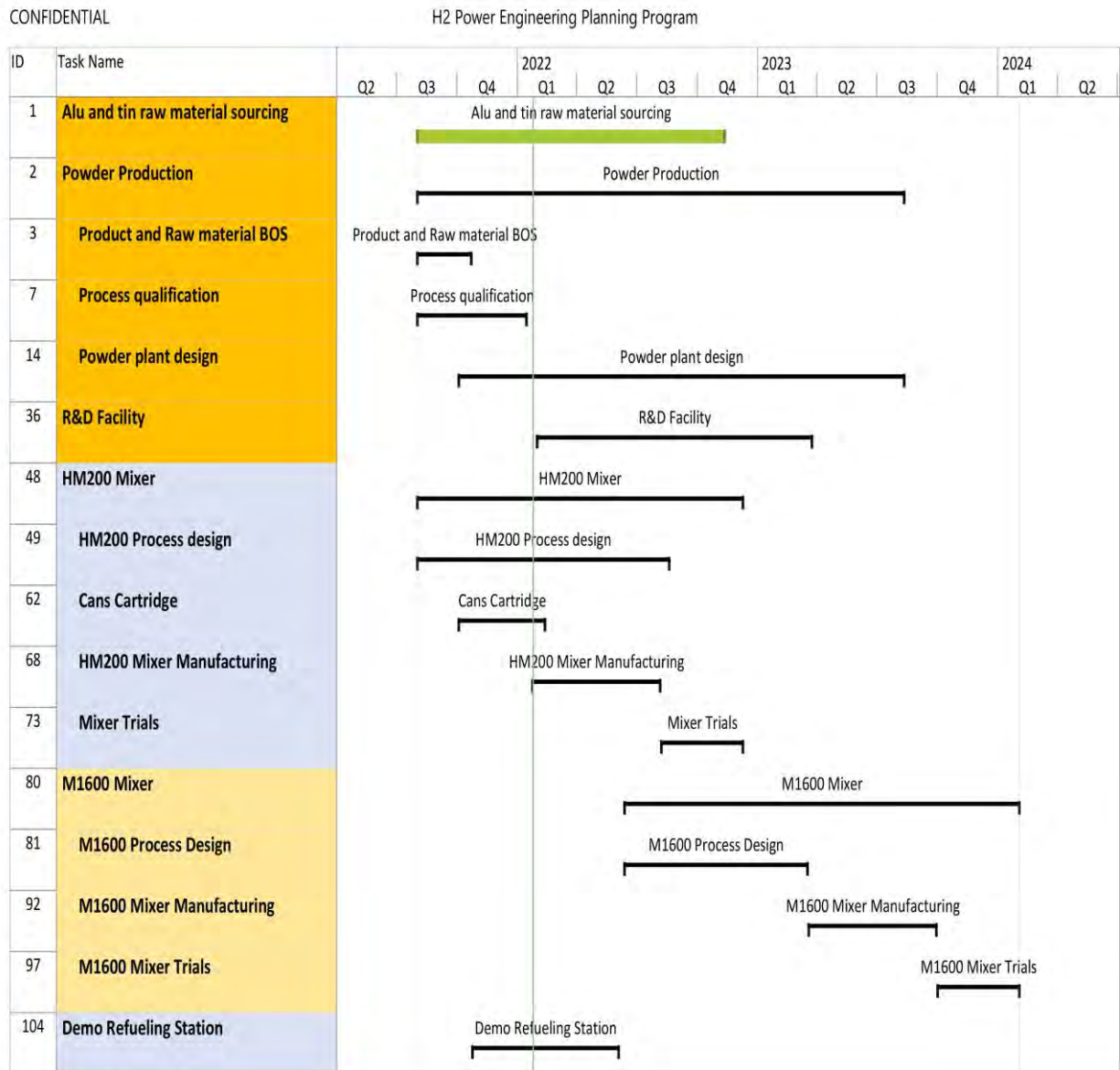
Chart: Sales by Year





## 5.4 Milestones

To implement our strategy in Europe (see section 5.0), we have developed a detailed engineering plan, starting in August 2021 until February 2024. The management of H2 Power has financed all the work necessary to limit the delays caused by COVID. It is now important to work with municipal and regional partners to fund the next steps through demo projects and the four different operations we intend to create. We estimate at 60 days the total delay on our initial schedule (see picture below):



To complement this plan, we want to collaborate with local resources on the following topics:

- Develop the final packaging and feeding system of aluminum to the mixers. The Fraunhofer-IFF Institute has expressed an interest to collaborate with us on obtaining a grant to conduct this project. So did the INSA in Lyon.

- Work with municipal and regional resources to identify local suppliers for standard parts, machinery, and custom parts for our various facilities and mixers. The hydrogen coalition in Chemnitz, Saxony has already started the process for us, so did the city of Leipzig, Saxony, and the city of Grenoble, France.
- We will welcome at least one PhD candidate, in metallurgy, to do some research on aluminum recycling with local recyclers and aluminum smelters. Constellium Group has given us access to its team of scientists and equipment for the work we may need to do. A trader at Trimet, Germany, said the company may welcome a collaboration upon review of more technical information we may share with them.
- Develop a comprehensive software application for the remote monitoring and management of the mixers. That includes all safety sensors, level probes, maintenance schedule, and automatic ordering system for powder, and automatic scheduling of alumina pickups.

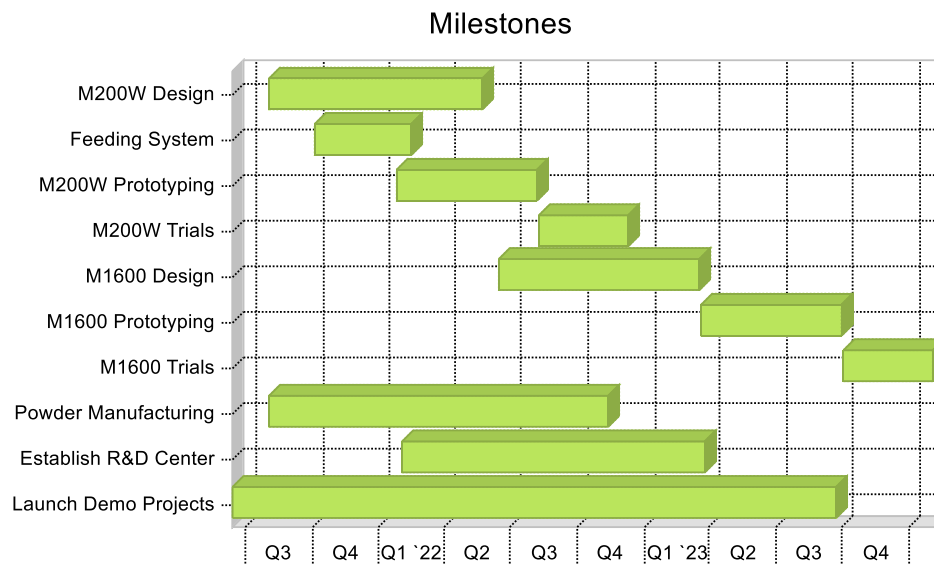
The following list of milestones covers aspects of the above engineering planning, and some of the budgets already expressed in documents we may have shared with you.

Please note that a lot of work done by H2 Power are first, meaning the costs associated are unusually higher than normal. However, all items related to the production of mixers and powder should benefit from a quick price drop as volumes ordered increase, especially for parts and components.

Table: Milestones





<i>Milestones</i>					
Milestone	Start Date	End Date	Budget	Manager	Department
M200W Design	8/2/2021	5/22/2022	€250,000	Director	Engineering
Feeding System	10/4/2021	2/14/2022	€500,000	Director	Engineering
M200W Prototyping	1/25/2022	8/5/2022	€2,000,000	Director	Engineering
M200W Trials	8/8/2022	12/9/2022	€300,000	Director	Engineering
M1600 Design	6/13/2022	3/17/2023	€700,000	Director	Engineering
M1600 Prototyping	3/20/2023	9/29/2023	€2,500,000	Director	Engineering
M1600 Trials	10/2/2023	2/2/2024	€2,000,000	Director	Engineering
Powder Manufacturing	8/2/2021	11/11/2022	€10,000,000	Director	R&D
Establish R&D Center	1/31/2022	3/24/2023	€6,000,000	Director	R&D
Launch Demo Projects	6/13/2021	9/23/2023	€10,000,000	CEO	Management
<b>Totals</b>			€34,250,000		





Chart: Milestones



## 6.0 Management Summary

Below is the list of profiles of the respective members of H2 Power's global management team. Please note that a few of them are still working full time, and will join the firm full-time once the company obtains the necessary funding for its European strategy.:

<p><b>Team Member:</b></p>  <p><b>H2 Power's Core Team</b></p>	<p><b>Fabrice Bonvoisin</b> CEO</p> <p>Mr. Bonvoisin is CEO and co-founder of H2 Power. He is also the owner of FB International LLC, a Chicago-based consulting firm specializing in marketing and international business development services throughout the US, Europe and Asia. Fabrice held executive positions at Biosafe Medical Technologies, a Chicago-based biotech company, and at the Chicago Manufacturing Center, a local consulting firm specialized in small and medium companies.</p> <p>In Europe, he handled executive positions in Italy for the development of Castorama, the leading European Home Improvement retailer (now part of the Kingfisher Group), and in France at the global research center of Pechiney, one of the world's largest aluminum producer and manufacturer now part of Constellation.</p> <p><a href="http://www.h2psolutions.com">www.h2psolutions.com</a></p>
<p><b>Team Member:</b></p>  <p><b>H2 Power's Core Team</b></p>	<p><b>Ernie Levine</b> Executive Chairman</p> <p>Ernest Levine is Executive Chairman and co-founder of H2 Power. He is also the President and owner of Admiral Tool &amp; Mfg of Michigan, an automotive supplier of black box design and assembly, primarily in steering related products. He has been active in virtually all areas of manufacturing during his 45-year career including design engineering, production and general management. He has served in a CEO capacity since 1984. He has been a supplier to major U.S. and Japanese auto companies, as well as to agricultural equipment, electronics companies, and lawn and garden.</p> <p><a href="http://www.h2psolutions.com">www.h2psolutions.com</a></p>
<p><b>Team Member:</b></p>  <p><b>H2 Power's Core Team</b></p>	<p><b>Marie-Cecile Girard-Jones</b> Dir. Strategic Partnerships</p> <p>Marie-Cecile is a global Licensing, Branding and Strategic Partnerships expert, with projects across the US, Latin America, Europe, and the Middle East.</p> <p>She is a creative and strategic problem-solver with the ability to tackle complex issues and a diverse set of transferable cross-industry skills, including marketing &amp; communications, business development, contract negotiations, and relationship building. Fluent in French, English, and Spanish.</p> <p>She is an effective communicator across all levels of the organization and external stakeholders, with a strong ability to negotiate win-win alliances, forging trusted, long-term relationships.</p> <p>She routinely demonstrates an ability to adapt to different cultures and lead teams of local talent and is thrilled to join a company who can make a real impact on the future of the planet.</p> <p>She lives in NYC since 2003.</p> <p><a href="http://www.h2psolutions.com">www.h2psolutions.com</a></p>
<p><b>Team Member:</b></p>  <p><b>H2 Power's Core Team</b></p>	<p><b>Thierry Tomasino</b> Director R&amp;D</p> <ul style="list-style-type: none"> <li>M.S. in Aeronautics, (SAB-SUPAERO (French National Aeronautical Engineering School))</li> <li>Ph.D. in Fluid Mechanics and Thermal Transfer</li> <li>Executive Master of Business Administration, HEC Paris</li> <li>18 years of experience in the aluminum industry (Pechiney, Alcan, Rio Tinto)</li> <li>9 years in Research &amp; Development (numerical modeling, process &amp; prototype development, plant assistance, university collaborations management, international teams management)</li> <li>10 years in Operational Excellence (Operational Excellence Director, Master Black Belt, Lean Six Sigma) for aluminum and packaging industries</li> <li>2 years in Entrepreneurship « Green Electricity » production for isolated communities</li> </ul> <p><a href="http://www.h2psolutions.com">www.h2psolutions.com</a></p>

<p><b>Team Member:</b></p>  <p><b>H2 Power's Core Team</b></p>	<p><b>Laurent Riche</b> <b>Director Engineering</b></p> <ul style="list-style-type: none"> <li>Mechanical engineer, Ecole Nationale Supérieure des Arts et Métiers (France) - 22 years at Group St Gobain</li> <li>Global Engineering Director for Saint-Gobain Isover – Insulation products</li> <li>Deputy Operation Director for Saint-Gobain Isover in Japan (MAG) – Glasswool manufacturing. Major projects management and implementation of WCM (continuous improvement program)</li> <li>Production manager for Saint-Gobain Isover Chalon sur Saône plant (France) – Glasswool manufacturing</li> <li>Project manager – Construction of a new glasswool plant in Chemilla (France) – 100ME project (awarded best industrial project manager of the year)</li> <li>Engineering Manager for Saint-Gobain Isover Orange plant (France) – Glasswool manufacturing</li> <li>5 years as Maintenance Manager for Pechiney CVI - Vorayge (France) – Aluminum industry</li> <li>3 years as Instrumentation Engineer for Arcelor-Mittal Dunkerque (France)</li> </ul> <p><a href="http://www.h2psolutions.com">www.h2psolutions.com</a></p>
<p><b>Team Member:</b></p>  <p><b>H2 Power's Core Team</b></p>	<p><b>Sylvia Gesnel</b> <b>Director Human Resources</b></p> <p>Sylvia Gesnel is a senior HR Executive. Sylvia Gesnel is a multilingual executive with a strong experience in training, recruitment, mobility, leadership development and change management. Corporate and operational experience at HR senior management levels in several companies : auditing and finance, car manufacturing, catering, retail and recently biopharmaceutical field. Effective manager able to lead teams and transversal projects. Recognized ability to give professional advices at top management level / very good capacity in combining strategy, business and people matters. Master's degree in both Business Administration and HR. Fluent in French, Italian, Spanish and English.</p> <p><a href="http://www.h2psolutions.com">www.h2psolutions.com</a></p>
<p><b>Team Member:</b></p>  <p><b>H2 Power's Core Team</b></p>	<p><b>George Walker</b> <b>Purchasing Manager</b></p> <p>Mr. Walker graduated from Loyola University of Chicago in Political Science. He has spent over 25 years in manufacturing. This includes eight years in various positions with Westvaco in the paper industry. A year as Plant Manager with Orion Industries, in Teflon coatings. With 14 years at the Kaibler/Kallig's Company in various positions and 5 years with Ferrara Candy Company as Sr. Operations Manager in the food sector. In addition to his manufacturing background Mr. Walker has been heavily involved in plant safety, lean manufacturing, preventative maintenance, and quality programs.</p> <p><a href="http://www.h2psolutions.com">www.h2psolutions.com</a></p>
<p><b>Team Member:</b></p>  <p><b>H2 Power's Core Team</b></p>	<p><b>Matt Oey</b> <b>Accounting Manager</b></p> <p>Matt Oey is a Senior Finance Executive with over 20 year-experience in working in US, Japanese and Indonesian companies, in Fortune 500 settings as well as start up companies. His passion is ensuring that projects finish on time and within budget using planning techniques and risk management. He has led successful turnarounds as a CFO in Indonesian conglomerates and various financial operational positions prior to that. He would like to help visionary CEO's realize their dreams by ensuring continued added value and viability.</p> <p>Matt has a Chemical Engineering degree with specialization in biotechnology from John Hopkins University, coupled with an MBA from Wharton and a CM license (Illinois). Besides English, he speaks native Indonesian, some Japanese, Dutch and will definitely learn French.</p> <p><a href="http://www.h2psolutions.com">www.h2psolutions.com</a></p>

## 6.1 Personnel Plan

As a former Human Resources executive at Pechiney's global research center (now Constellium), Fabrice Bonvoisin paid a particular attention to the personnel plan. Along with the entire team, we made sure we had the adequate structures and resources to do the work ahead of us. Safety was also a paramount concern throughout the process, along with salaries, benefits, access to technology, training, and information (conference, professional associations).

H2 Power welcomes both, men and women, for all future positions to fill.

The following tables reflect staffing needs, using various sources of local information (France and Germany) for the salaries and social taxes. In this simulation, we used a rate of 50% for social taxes to be paid by H2 Power in France, whereas in Germany this rate is at 21%. We have not though consulted any industry collaborative agreements because we do not know yet to which industry the local authorities will tell the company it belongs to (metallurgy, Chemical, other?).

The following tables present the types of jobs per strategic units, along with a summary of the estimated payroll per unit, per year.

Total per activity	1.5	Pay/M	Soc. Taxes	Total
Y1 Mixer Production	27	86,667 €	46,033 €	1,592,400 €
Y1 Powder Production	74	202,917 €	108,858 €	3,741,300 €
Y1 Research Team	19	95,833 €	49,817 €	1,747,800 €
Y1 Regional HQ - F	15	116,967 €	59,983 €	2,123,400 €
<b>Totals</b>	<b>135</b>	<b>502,383 €</b>	<b>264,692 €</b>	<b>9,204,900 €</b>



Total per activity	1.5	Pay/M	Soc. Taxes	Total
Y2 Mixer Production	27	88,400 €	46,900 €	1,623,600 €
Y2 Powder Production	114	318,155 €	170,478 €	5,863,590 €
Y2 Research Team	19	97,750 €	50,775 €	1,782,300 €
Y2 Regional HQ - F	15	119,306 €	61,153 €	2,165,508 €
<b>Totals</b>	<b>175</b>	<b>623,611 €</b>	<b>329,306 €</b>	<b>11,434,998 €</b>

Total per activity	1.5	Pay/M	Soc. Taxes	Total
Y3 Mixer Production	100	321,032 €	170,516 €	5,898,581 €
Y3 Powder Production	342	915,973 €	492,186 €	16,897,910 €
Y3 Research Team	56	272,659 €	141,929 €	4,975,058 €
Y3 Regional HQ - F	35	213,996 €	110,498 €	3,893,933 €
<b>Totals</b>	<b>533</b>	<b>1,723,660 €</b>	<b>915,130 €</b>	<b>31,665,481 €</b>

These projections are based on the following structures, per unit, at full capacity in Y3:

		Regional HQ - F (reference)	Power Production - F (reference)
Research Team F (reference)	Mixer Manufacturing - F (reference)	Regional HQ - F (reference)	Power Production - F (reference)
Group	Group	Group	Group
General manager	Plant Manager	Managing Director	Plant Manager
Controller	Engineering Manager	Executive Assistant	Operations Manager
Chemical engineer	Maintenance Manager	Director of Operations	Maintenance Manager
Metallurgist	QC/Sanitation Manager	Director of Procurement	Engineering Manager
Electrical engineer	Operations Manager	CFO	QC Manager
Mechanical engineer	Shipping Manager	Director of Human Resources	Shipping Manager
Alumunium specialist	Maintainance	HR Staff	Plant Sanitation Manager
Modeling engineer	Welders	Director of Sales	Operations Supervisors
HSEQ & industrial risks specialist	Metal workers	Customer Service	Maintenance Supervisors
IT engineer	Machinists	Director of Marketing	Shipping Supervisors
Facility manager	Assemblers	Marketing Associates	Hammer Mill Operators
Maintenance Tech.	Robotics/programmer	Director of Logistics	Grinder Operators
Lab tech.	Electricians	Controller	Ball Mill Operators
Metal workers, or tech	Quality	Auditor	Puck production Operators
	Shipping	Accounting (AR/AP/Pay)	QC Technicians
	IT	Contract manager	Associates
	Associates	IT Manager	Mechanics
		Network Administrator	IT
		App Developer	Material Handlers
		Web/Soc Media Manager	Racking Crew
		Administrative assistants	Shipping
			Sanitation personal

H2 Power intends to launch its hiring program at the earliest, upon funding, with local municipal and regional agencies.

Table: Personnel

<i>Personnel Plan</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Mixer Production	€1,040,000	€1,060,800	€3,852,387	€3,929,435	€4,008,023
Powder Production	€2,435,000	€3,817,860	€10,991,673	€11,211,506	€11,435,737
Research Team	€1,150,000	€1,173,000	€3,271,905	€3,337,343	€3,404,090
Management Team - country	€1,403,600	€1,431,672	€2,567,956	€2,619,315	€2,671,701
Total People	135	175	533	533	533
<b>Total Payroll</b>	<b>€6,028,600</b>	<b>€7,483,332</b>	<b>€20,683,921</b>	<b>€21,097,599</b>	<b>€21,519,551</b>

## 7.0 Financial Plan

All financial tables are automatically calculated by Business Plan Pro, and these tables are in the US financial format. Regardless, H2 Power's team evaluated carefully all expenses indicated in this document.

At this time, we don't know what financing tools are available to us to finance our European strategy. We can wait longer to get clients as the mixer's development continues, but it may take more time, missing a substantial economic opportunity for the locals along the way.

The company is open to work potential investors, especially those who want to be bought back 3 to 5 years later. However, H2 Power must keep at least 70% of equity in its European entity. The license agreement requires the company's current owners to remain in full control of its operations.

As for the pricing and margins, they are based on internal work from our team. the price of the M200W is higher, considering its limited production capacity, because the system includes a full dispensing system provided by third parties (compressor, chiller, storage tank, and a dispenser). Please see Section 5.3.1 for more details.

We will be happy to discuss the financials with you in more details.

### 7.1 Startup Funding

The Startup funding is based on information provided by our local accounting firms, in both France and Germany. We have potential representatives ready to hire in France, and Germany to facilitate the initial launch of operations.

Table: Startup Funding

<i>Startup Funding</i>	
Startup Expenses to Fund	€114,300
Startup Assets to Fund	€20,000
Total Funding Required	€134,300
 Assets	
Non-cash Assets from Startup	€0
Cash Requirements from Startup	€20,000
Additional Cash Raised	€30,015,700
Cash Balance on Starting Date	€30,035,700
Total Assets	€30,035,700
 Liabilities and Capital	
 Liabilities	
Current Borrowing	€150,000
Long-term Liabilities	€0
Accounts Payable (Outstanding Bills)	€0
Other Current Liabilities (interest-free)	€0
Total Liabilities	€150,000
 Capital	
 Planned Investment	
Investor US	€14,000,000
Investor EU	€16,000,000
Additional Investment Requirement	€0
Total Planned Investment	€30,000,000
 Loss at Startup (Startup Expenses)	(€114,300)
Total Capital	€29,885,700
 Total Capital and Liabilities	€30,035,700
<b>Total Funding</b>	<b>€30,150,000</b>

## 7.2 Important Assumptions

Among the assumptions we made in this plan, we have:

- Loans for equipment and machinery at 7% rate, over 7 years.
- Rather than not put any loan, we assumed a loan for €114 million, which would cover the costs associated to the strategy.
- We did not include any potential grant or interest-free loans.

- We opted for a rent-base scenario rather than trying to estimate the full cost of building our own facility; at least for the first 5 years.
- Similarly, we considered buying outright all equipment. Leasing might be a more economic option but would require more analysis. However, leasing will not work for custom designed equipment.
- Even if we'll be losing money for the first years, we still have included some taxes. In the US, no taxes would be to be paid until the company makes its first profit. In Europe, the tendency is for governments to ask for payment before companies make their first profit. So, we preferred to be conservative and included some corporate taxes. based on latest information obtained, corporate taxes might be transferred to property taxes. In any case, we do expect some surprises on this topic.
- For the cashflow, we considered only cash sales (without any down payment, and remaining payment to simplify the scenario, or leasing).

**IF YOU SEE A "€" SIGN IN THIS DOCUMENT, IT MEANS "EUROS". THE SOFTWARE DOES NOT LIKE EUROS...**

### 7.3 Break-even Analysis

All these calculations are automatic. We will be able to update them with you using more specific financial data.

Table: Break-even Analysis

<i>Break-even Analysis</i>	
Monthly Units Break-even	898,966
Monthly Revenue Break-even	€2,925,602
Assumptions:	
Average Per-Unit Revenue	€3.25
Average Per-Unit Variable Cost	€1.49
<b>Estimated Monthly Fixed Cost</b>	<b>€1,589,594</b>

Chart: Break-even Analysis

### 7.4 Projected Profit and Loss

All these calculations are automatic. We will be able to update them with you using more specific financial data.



Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	€19,331,200	€54,548,400	€246,194,200	€397,087,600	€726,667,600
Direct Cost of Sales	€8,827,800	€26,699,600	€119,809,800	€172,153,780	€348,941,165
Licensing	€203,760	€1,166,760	€5,286,420	€14,929,920	€21,878,400
Total Cost of Sales	€9,031,560	€27,866,360	€125,096,220	€187,083,700	€370,819,565
Gross Margin	€10,299,640	€26,682,040	€121,097,980	€210,003,900	€355,848,035
Gross Margin %	53.28%	48.91%	49.19%	52.89%	48.97%
Expenses					
Payroll	€6,028,600	€7,483,332	€20,683,921	€21,097,599	€21,519,551
Marketing Expenses	€480,000	€482,400	€546,000	€600,000	€700,000
Depreciation	€5,799,288	€5,807,958	€5,877,358	€5,877,358	€5,877,358
Total Supplies	€233,460	€240,515	€586,440	€586,440	€630,000
Outsourced Services	€1,222,620	€1,384,440	€2,918,880	€3,000,000	€3,150,000
Travel Expenses	€847,980	€1,126,440	€1,704,960	€1,800,000	€2,000,000
Taxes	€966,797	€2,553,115	€11,522,364	€25,000,000	€35,000,000
Other IP Expenses	€90,000	€240,000	€335,000	€450,000	€500,000
Other	€230,084	€451,318	€523,968	€600,000	€650,000
Social Taxes	€3,014,304	€3,741,666	€10,981,560	€11,530,638	€12,107,170
Healthcare Insurance Complement	€162,000	€210,000	€639,600	€671,580	€705,159
Total Operating Expenses	€19,075,133	€23,721,184	€56,320,051	€71,213,615	€82,839,238
Profit Before Interest and Taxes	(€8,775,493)	€2,960,856	€64,777,929	€138,790,285	€273,008,797
EBITDA	(€2,976,205)	€8,768,814	€70,655,287	€144,667,643	€278,886,155
Interest Expense	(€685,580)	(€1,993,230)	(€3,445,723)	(€5,003,217)	(€6,673,302)
Taxes Incurred	€0	€1,486,226	€20,467,096	€43,138,050	€83,904,630
Net Profit	(€8,089,913)	€3,467,860	€47,756,556	€100,655,451	€195,777,469
<b>Net Profit/Sales</b>	-41.85%	6.36%	19.40%	25.35%	26.94%

Chart: Profit Monthly

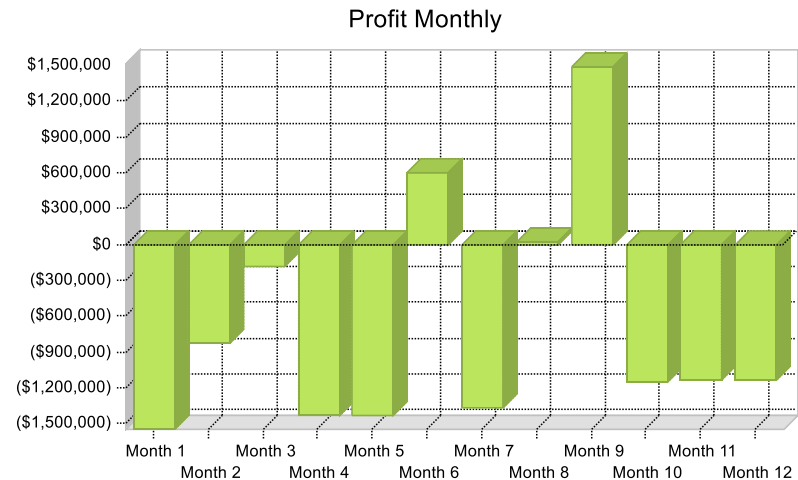


Chart: Profit Yearly

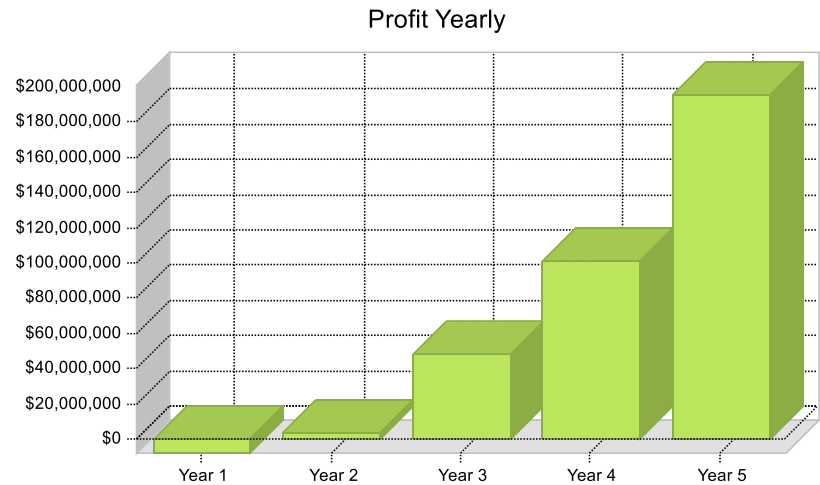


Chart: Gross Margin Monthly

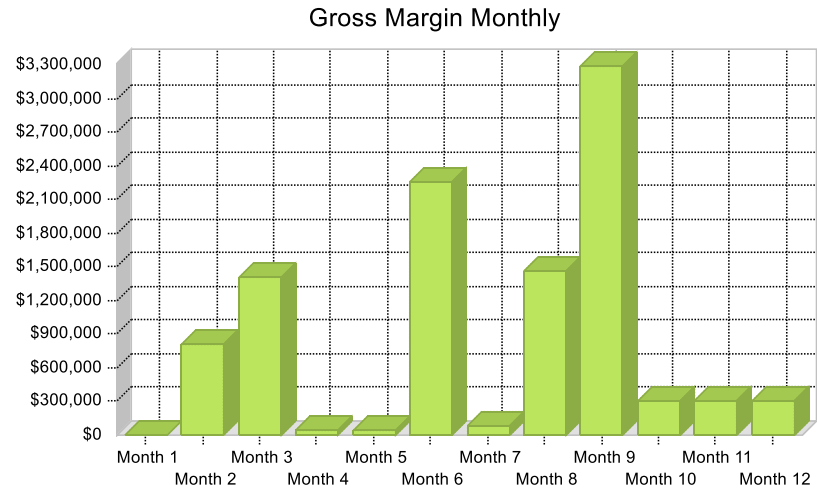
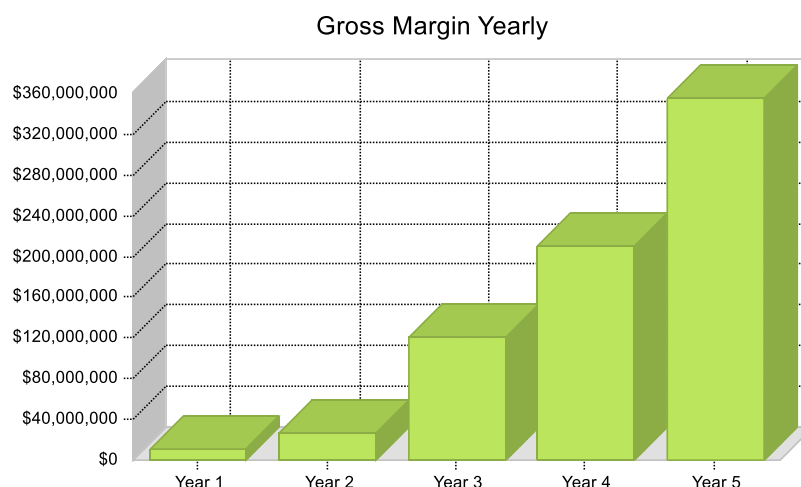


Chart: Gross Margin Yearly



## 7.5 Projected Cash Flow

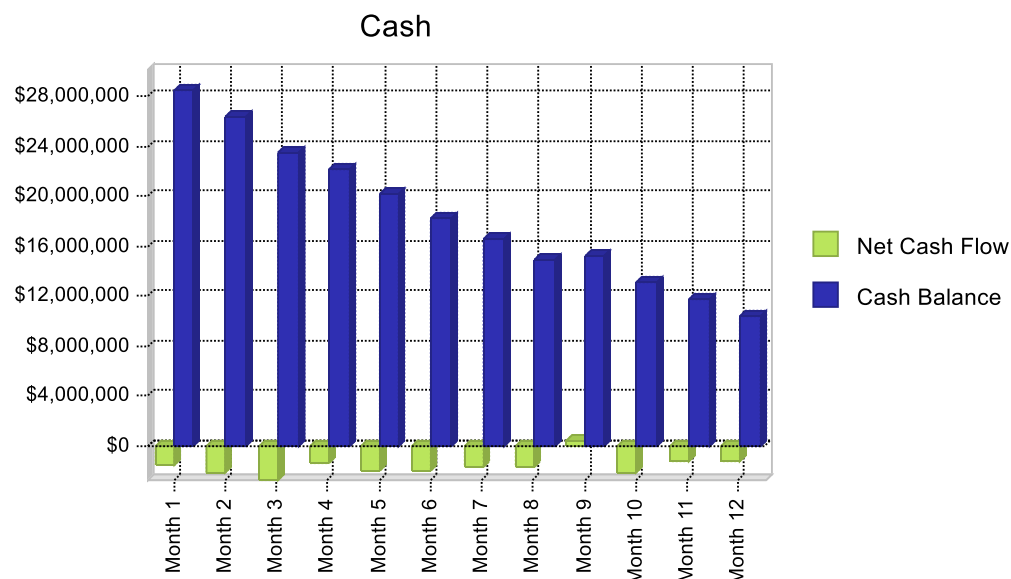
All these calculations are automatic. We'll be able to update them with you using more specific financial data.

Table: Cash Flow

<i>Pro Forma Cash Flow</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Received					
Cash from Operations					
Cash Sales	€0	€0	€0	€0	€0
Cash from Receivables	€18,548,780	€53,123,003	€238,437,439	€390,980,270	€713,328,025
Subtotal Cash from Operations	€18,548,780	€53,123,003	€238,437,439	€390,980,270	€713,328,025
Additional Cash Received					
Sales Tax, VAT, HST/GST Received	€3,866,240	€10,909,680	€49,238,840	€79,417,520	€145,333,520
New Current Borrowing	€0	€0	€0	€0	€0
New Other Liabilities (interest-free)	€0	€0	€0	€0	€0
New Long-term Liabilities	€0	€0	€0	€0	€0
Sales of Other Current Assets	€0	€0	€0	€0	€0
Sales of Long-term Assets	€0	€0	€0	€0	€0
New Investment Received	€0	€0	€0	€0	€0
Subtotal Cash Received	€22,415,020	€64,032,683	€287,676,279	€470,397,790	€858,661,545

Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5
Expenditures from Operations					
Cash Spending	€6,028,600	€7,483,332	€20,683,921	€21,097,599	€21,519,551
Bill Payments	€19,034,806	€55,854,830	€300,143,945	€186,429,924	€614,785,644
Subtotal Spent on Operations	€25,063,406	€63,338,162	€320,827,866	€207,527,523	€636,305,195
Additional Cash Spent					
Sales Tax, VAT, HST/GST Paid Out	€3,866,240	€10,909,680	€49,238,840	€79,417,520	€145,333,520
Principal Repayment of Current Borrowing	€13,073,175	€14,018,242	€15,031,622	€16,118,259	€17,283,449
Other Liabilities Principal Repayment	€0	€0	€0	€0	€0
Long-term Liabilities Principal Repayment	€0	€0	€0	€0	€0
Purchase Other Current Assets	€0	€0	€0	€0	€0
Purchase Long-term Assets	€0	€0	€0	€0	€0
Dividends	€0	€0	€0	€0	€0
Subtotal Cash Spent	€42,002,821	€88,266,084	€385,098,328	€303,063,302	€798,922,164
Net Cash Flow	(€19,587,801)	(€24,233,401)	(€97,422,050)	€167,334,488	€59,739,381
<b>Cash Balance</b>	<b>€10,447,899</b>	<b>(€13,785,502)</b>	<b>(€111,207,552)</b>	<b>€56,126,936</b>	<b>€115,866,317</b>

Chart: Cash



## 7.6 Projected Balance Sheet

All these calculations are automatic. We will be able to update them with you using more specific financial data.

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>					
<b>Current Assets</b>					
Cash	€10,447,899	(€13,785,502)	(€111,207,552)	€56,126,936	€115,866,317
Accounts Receivable	€782,420	€2,207,817	€9,964,579	€16,071,909	€29,411,483
Inventory	€3,911,000	€26,467,048	€176,209,135	€81,075,432	€231,812,226
Other Current Assets	€0	€0	€0	€0	€0
<b>Total Current Assets</b>	<b>€15,141,319</b>	<b>€14,889,363</b>	<b>€74,966,161</b>	<b>€153,274,276</b>	<b>€377,090,026</b>
<b>Long-term Assets</b>					
Long-term Assets	€0	€0	€0	€0	€0
Accumulated Depreciation	€5,799,288	€11,607,246	€17,484,604	€23,361,962	€29,239,320
<b>Total Long-term Assets</b>	<b>(€5,799,288)</b>	<b>(€11,607,246)</b>	<b>(€17,484,604)</b>	<b>(€23,361,962)</b>	<b>(€29,239,320)</b>
<b>Total Assets</b>	<b>€9,342,031</b>	<b>€3,282,117</b>	<b>€57,481,557</b>	<b>€129,912,314</b>	<b>€347,850,706</b>

Liabilities and Capital	Year 1	Year 2	Year 3	Year 4	Year 5
Current Liabilities					
Accounts Payable	€469,419	€4,959,888	€26,328,651	€14,216,929	€53,655,749
Current Borrowing	(€12,923,175)	(€26,941,417)	(€41,973,039)	(€58,091,298)	(€75,374,747)
Other Current Liabilities	€0	€0	€0	€0	€0
Subtotal Current Liabilities	(€12,453,756)	(€21,981,529)	(€15,538,646)	(€43,763,340)	(€21,602,417)
Long-term Liabilities	€0	€0	€0	€0	€0
Total Liabilities	(€12,453,756)	(€21,981,529)	(€15,538,646)	(€43,763,340)	(€21,602,417)
Paid-in Capital	€30,000,000	€30,000,000	€30,000,000	€30,000,000	€30,000,000
Retained Earnings	(€114,300)	(€8,204,213)	(€4,736,353)	€43,020,203	€143,675,654
Earnings	(€8,089,913)	€3,467,860	€47,756,556	€100,655,451	€195,777,469
Total Capital	€21,795,787	€25,263,647	€73,020,203	€173,675,654	€369,453,123
Total Liabilities and Capital	€9,342,031	€3,282,117	€57,481,557	€129,912,314	€347,850,706
<b>Net Worth</b>	<b>€21,795,787</b>	<b>€25,263,647</b>	<b>€73,020,203</b>	<b>€173,675,654</b>	<b>€369,453,123</b>

## 7.7 Business Ratios

All these parameters are automatic. They are purely indicative and designed for sophisticated financiers.

Table: Ratios

<i>Ratio Analysis</i>	Year 1	Year 2	Year 3	Year 4	Year 5	Industry Profile
Sales Growth	n.a.	182.18%	351.33%	61.29%	83.00%	-6.51%
Percent of Total Assets						
Accounts Receivable	8.38%	67.27%	17.34%	12.37%	8.46%	16.92%
Inventory	41.86%	806.40%	306.55%	62.41%	66.64%	6.93%
Other Current Assets	0.00%	0.00%	0.00%	0.00%	0.00%	68.47%
Total Current Assets	162.08%	453.65%	130.42%	117.98%	108.41%	92.32%
Long-term Assets	-62.08%	-353.65%	-30.42%	-17.98%	-8.41%	7.68%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Current Liabilities	-133.31%	-669.74%	-27.03%	-33.69%	-6.21%	19.49%
Long-term Liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	47.43%
Total Liabilities	-133.31%	-669.74%	-27.03%	-33.69%	-6.21%	66.92%
Net Worth	233.31%	769.74%	127.03%	133.69%	106.21%	33.08%
Percent of Sales						
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	53.28%	48.91%	49.19%	52.89%	48.97%	42.08%
Selling, General &	95.13%	42.56%	29.79%	27.54%	22.03%	12.85%

Administrative Expenses						
Advertising Expenses	2.48%	0.88%	0.22%	0.15%	0.10%	0.55%
Profit Before Interest and Taxes	-45.40%	5.43%	26.31%	34.95%	37.57%	4.74%
Main Ratios						
Current	-1.22	-0.68	-4.82	-3.50	-17.46	1.52
Quick	-0.90	0.53	6.52	-1.65	-6.73	1.17
Total Debt to Total Assets	-133.31%	-669.74%	-27.03%	-33.69%	-6.21%	66.92%
Pre-tax Return on Net Worth	-37.12%	19.61%	93.43%	82.79%	75.70%	8.58%
Pre-tax Return on Assets	-86.60%	150.94%	118.69%	110.69%	80.40%	2.84%
Additional Ratios	Year 1	Year 2	Year 3	Year 4	Year 5	
Net Profit Margin	-41.85%	6.36%	19.40%	25.35%	26.94%	n.a
Return on Equity	-37.12%	13.73%	65.40%	57.96%	52.99%	n.a
Activity Ratios						
Accounts Receivable Turnover	24.71	24.71	24.71	24.71	24.71	n.a
Collection Days	29	10	9	12	11	n.a
Inventory Turnover	3.05	1.76	1.18	1.34	2.23	n.a
Accounts Payable Turnover	41.55	12.17	12.17	12.17	12.17	n.a
Payment Days	27	16	18	43	19	n.a
Total Asset Turnover	2.07	16.62	4.28	3.06	2.09	n.a
Debt Ratios						
Debt to Net Worth	-0.57	-0.87	-0.21	-0.25	-0.06	n.a
Current Liab. to Liab.	0.00	0.00	0.00	0.00	0.00	n.a
Liquidity Ratios						
Net Working Capital	€27,595,075	€36,870,893	€90,504,807	€197,037,616	€398,692,443	n.a
Interest Coverage	0.00	0.00	0.00	0.00	0.00	n.a
Additional Ratios						
Assets to Sales	0.48	0.06	0.23	0.33	0.48	n.a
Current Debt/Total Assets	-133%	-670%	-27%	-34%	-6%	n.a
Acid Test	0.00	0.00	0.00	0.00	0.00	n.a
Sales/Net Worth	0.89	2.16	3.37	2.29	1.97	n.a
<b>Dividend Payout</b>	0.00	0.00	0.00	0.00	0.00	n.a

## 7.8 Long-term Plan

H2 Power's team is convinced of the future of the company. It is just a matter of time and quality of our partners to make it happen, so we all win: the people, with a cleaner transportation; the municipal and regional partners, with a sustainable solution that provides also economic benefits; and for the entire H2 Power staff, with long-term employment.

# Thank you!