H2X CEO Letter #16: Accelerating Growth with FES and Strengthening H2X's Position

Dear H2X Shareholder,

Over recent months, H2X Global Limited has achieved significant progress across our vehicle programs, partnerships, and capital initiatives. While we continue to navigate the challenges typical of early-stage industrial ventures, our mission remains clear — to deliver the world's most capable, zero-emission commercial vehicles powered by hydrogen fuel-cell technology.

Capital Raise and Investor Participation

As described in last month's CEO Letter 15, we opened our next funding round priced at AUD $0.15 per share with a 1:1 attaching option (exercisable at $0.15, 12-month expiry). The raise supports the next stage of growth as we complete the initial delivery of vehicles to the Swedish Government–owned Renova. The Australian Government R&D rebate applies to this initial design and build, providing valuable non-dilutive support for shareholders.

The offer was introduced during our European roadshow, where we saw immediate take-up in both Europe and Australia — a strong vote of confidence in H2X's growth strategy.

If any current shareholder wishes to participate, please contact me directly. This raise also supports the next phase of our expansion, including completion of the Paroo light truck, our "hero" product, and progress toward our planned public listing.

Shareholder Options

Two option classes expired last month, and it was encouraging to see the majority in each category exercised their rights before expiry. The next option class is due to expire on 7 November 2025, and we are already seeing early participation.

We encourage all holders to carefully consider the benefits of exercising their options. For those who choose to do so, your support plays an important role in enabling H2X to deliver on its product roadmap and advance toward listing.

We sincerely thank shareholders who have already exercised their options and reaffirmed their belief in H2X's long-term vision.

Strategic Partnership with FES GmbH

H2X is pleased to announce a major Distribution and Production Agreement with Fahrzeug-Entwicklung Sachsen GmbH (FES), one of Germany’s leading automotive engineering and development firms.

Under this partnership, H2X becomes the exclusive distributor for FES hydrogen-powered vehicles across Australasia and South America, and a non-exclusive distributor globally. The agreement unlocks annual production capacity of up to 100 Yarra (18-tonne) hydrogen trucks and up to 200 Paroo (3.5 to 5.5 tonne) light commercial vehicles, scalable with demand.

This partnership enables the immediate delivery of proven, roadworthy hydrogen vehicles — beginning with the Yarra 18-tonne hydrogen logistics truck, which is certified, road-proven, and commercially ready. Combining long range, high torque, and rapid refuelling, the Yarra delivers a practical, zero-emission solution for logistics, construction, and municipal operations.

Importantly, the Yarra has already been submitted by H2X into a UK public tender, highlighting its readiness for deployment and reinforcing our expanding European presence.

Product Strategy – The Yarra and Paroo Platforms

Our product roadmap continues to strengthen. The Paroo (3.5 to 5.5 tonne) light commercial platform remains H2X’s largest long-term opportunity, addressing a market of over 29 million light commercial vehicles operating across Europe — the largest transport segment yet to decarbonise.

The Paroo captures H2X’s design philosophy: real-world capability, extended range, and zero emissions. Building on this foundation, the Yarra 18-tonne truck represents the next step — translating H2X’s fuel-cell expertise into heavier-duty applications. As vehicle weight increases, battery-electric systems require proportionally larger batteries for propulsion, which dramatically reduces payload capacity. For example, an 18-tonne battery-electric truck could retain as little as one or two tonnes of usable payload once battery weight is accounted for. Moreover, large lithium-ion batteries are highly sensitive to cold weather, with efficiency and range reductions of up to 40%.

This is why global automotive leaders such as H2X's largest shareholder, Volvo, Daimler, and Hyundai are focusing their hydrogen efforts on heavier commercial classes – but all above the 18-ton class. The Yarra fills a key market gap — no other scale producer currently offers an 18-tonne hydrogen truck.

Battery-electric technology will remain an attractive zero-emission option for short-range and light-duty vehicles in warmer climates. However, it cannot alone deliver net-zero outcomes for high-duty or long-range operations. Hydrogen fuel-cell systems maintain consistent range and payload in all climates, refuel in minutes, and provide the scalability required for continuous commercial use.

Europe's regulatory timeline further strengthens this opportunity. Under Regulation (EU) 2019/631, new vans must cut CO_2 emissions by 50% by 2030 and achieve 100% zero-emission status by 2035. It is also worth noting that the zero-emission requirement for new heavy-duty vehicles (N2/N3) is progressing under Regulation (EU) 2024/1243, which mandates a 90% CO_2 reduction by 2040 — reinforcing the strategic timing of the Yarra and Paroo platforms.

With an average fleet lifespan of 12 years, many vehicles purchased today will still be operating when these targets take effect — just four years away. Around 40% of Europe's commercial fleet operates in cold-climate regions, where lithium-ion efficiency falls sharply.

Fleet operators must transition now. H2X is ready to support that shift through vehicles combining Toyota's proven fuel-cell technology, certified Type IV hydrogen storage systems, and German manufacturing expertise — delivering scalable, high-performance zero-emission transport.

Hydrogen Systems and Component Sales

H2X's hydrogen systems achieved its first commercial milestone with the sale of Type IV tank systems to customers in Germany. Though modest in size, these initial deliveries mark entry into a substantial and growing market segment.

High-pressure composite tanks represent one of the most valuable components in hydrogen mobility. Capturing even a small share of the European tank market could translate into tens to hundreds of millions USD in annual addressable revenue by the end of the decade — a meaningful driver of long-term growth and margins.

Financial and Governance Update

H2X continues to strengthen its financial and governance foundations in preparation for listing. The company remains pre-approved for the Australian Government R&D rebate through 30 June 2026, providing valuable non-dilutive support.

The 30 June 2025 audit with RSM is nearing completion, pending final classification items. H2X has been advised that the Dutch engineering firm previously engaged in the Warrego program has entered insolvency. While disappointing, this does not materially affect H2X's broader production plans.

Our legal team is working with the appointed administrator to recover H2X assets. H2X has already been approached by several qualified engineering and manufacturing firms to complete the project, which will be evaluated once the recovery process is finalised.

Upon completion of the FY25 audit, H2X will submit its R&D rebate claim, representing a minimum payment of AUD $559,941 to the company.

European Investor Roadshow and Industry Engagement

This month I joined DGWA for a roadshow across Frankfurt, Munich, and Hamburg. We met with institutional and strategic investors throughout Germany, where engagement was exceptionally strong.

While in Germany, I attended the Hydrogen Technology World Expo 2025, the world's largest hydrogen trade fair. It was an energising three days of discussion and innovation — from the Hydrogen Leadership Summit to meetings with partners including Toyota and Duksan Aether CT. With more than 20,000 attendees, the Expo underscored both the maturity and the vast potential of the global hydrogen sector.

Before the Expo, I was honoured to attend the Australian Business in Europe (ABIE) 50th Anniversary Reception at Australia House, London — celebrating five decades of partnership between Australia and Europe.

A sincere thank you to Austrade for its continued support of Australian companies abroad.

Looking Ahead

H2X moves forward with discipline, purpose, and momentum — positioning the company for sustained growth and long-term value creation as we advance toward our planned IPO.

Thank you for your continued confidence and support.

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About H2X Global

H2X Global is a leader in zero-emission hydrogen fuel cell vehicles, setting new standards for commercial transportation with extended driving ranges and fast refuelling times. From our innovative retrofit strategy and upcoming Paroo and Yarra trucks, H2X is driving the future of clean, sustainable transportation.