

## The Hydrogen Group – 2018 Year-End Review (January 2019)

To: Our Current Shareholders and Future Shareholders,

First, thank you for all of your support. We are grateful for an exceptional group of Investors and Team members. As exciting as 2018 has been, you may rest assured that 2019 is going to far surpass the 2018 accomplishments!

Here's a brief overview of our Corporate highlights for 2018.

- We retained a very highly regarded consultant, William Murray, CEO at Christian Angel Investors, to guide us through the intricacies of various securities regulations, documentation, and appropriate Investor introductions.
- Additional six-figure investment capital was received. Shareholders cash investment is \$813,000.
- The Hydrogen Group's patent was approved in late 2018 by the USP&TO after multiple filings! (Patent Number 10,180,119) An additional patent application was filed in January 2019! (Patent Pending Number 16/240.214)
- The PIT Group "Go to Market" Program is being launched over the next 9 months.
- The Hydrogen Group Website was updated to announce the developments.

### Investor Testimonial

Larry Bryant, Port Townsend, WA has invested 5 times beginning in March 2014. He stated: *"This is no longer a speculative venture matter. From concept – construct – modification – validation – verification – certification – patent approval. No longer if, but WHEN."*

Immediate Goal: Raise \$200,000

### Current Offering

The Company is currently raising the remaining \$200,000 of development capital which will enable the completion of the PIT Group *"Go to Market"* Program over the next 9 months.

### Offering Terms:

The terms for the additional \$200,000 are set at \$0.10 per share with a \$5,000 minimum for Common shares and \$10,000 minimum for Preferred shares with a 5% coupon annually. The maximum investment is \$200,000. Dividends and exit strategy are described in the documents.

**Personal Request:** This is where we need your help during the next 60 days. You have the opportunity to make an additional investment and invite your friends and family to do the same. Who will you refer us to?

### Qualified Small Business Tax Incentive

A reminder that The Hydrogen Group is a Qualified Small Business (QSB) by IRS Code Section 1202 definition. Investors have the opportunity to benefit from up to three types of preferential tax treatment and may also "roll over" certain types of other investments and defer taxes. The investment gain is tax free if held for 5 years. This tax incentive is huge and virtually unknown by most investors and tax accountants.

### Investment Opportunity & Projections:

Remaining Investment Opportunity: \$200,000

The terms for the additional \$200,000 are set at \$0.10 per share with a \$5,000 minimum for Common shares and \$10,000 minimum for Preferred shares with a 5% coupon annually. The maximum investment is \$200,000. Dividends and exit valuation are shown below.

Return on Investment	Year 1	Year 2	Year 3
<b>Total Sales – Projections (\$15,000 per unit)</b>	<b>\$19,500,000</b>	<b>\$97,500,000</b>	<b>\$195,000,000</b>
<b>EBITDA - Projections</b>	<b>4,972,500</b>	<b>26,812,500</b>	<b>58,500,000</b>
<b>Net Income Before Tax - Projections</b>	<b>4,972,500</b>	<b>26,812,500</b>	<b>58,500,000</b>
Less: Corporate Income Tax (34%)	-1,690,650	-9,116,250	-19,890,000
<b>Net Income After Tax - Projections</b>	<b>\$3,281,850</b>	<b>\$17,696,250</b>	<b>\$38,610,000</b>
<b>Earnings Per Share - Projections</b>			
22 Million Issued	0.15	0.80	1.75
25 Million Issued	0.13	0.70	1.54
30 Million Issued	0.11	0.59	1.29
<b>Cash Reserve - Projections</b>	<b>3,281,850</b>	<b>5,000,000</b>	<b>10,000,000</b>
<b>Cash for Distribution - Projections</b>	<b>0</b>	<b>15,978,100</b>	<b>33,610,000</b>
<b>Dividends Per Share - Projections</b>			
22 Million Issued		0.73	1.53
25 Million Issued		0.64	1.34
30 Million Issued		0.53	1.12
<b>3-Year Exit Valuation Per Share-Projected</b>			
22 Million Issued			<b>\$15.95</b>
25 Million Issued			<b>\$14.01</b>
30 Million Issued			<b>\$11.70</b>

**Notes:**

- 1) Business valuation at end of Year 3 is estimated to be \$351 million, which is six times EBITDA.
- 2) Business valuation at 50,000 Units sold is estimated to be \$1.3 Billion, which is six times EBITDA.
- 3) Diesel Invention sales at 50,000 Units equal less than 2% of the market potential.