

An aerial photograph of a river with white water rapids, showing turbulent water and white foam. The image is dark and moody, with a teal and black color palette.

Hydrogen pro

Q2 2021 report

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Q2 2021 highlights

MOMENTUM BUILDING UP IN KEY MARKETS AND FACTORY FOR NEW ELECTRODE TECHNOLOGY COMPLETED

- Fabrication plant for HydrogenPro's own proprietary next-generation electrode technology in Denmark completed – starting full-scale test production
- Test and R&D center in operation at Herøya (Porsgrunn, Norway)
- Securing production capacity and continuing to plan international fabrication and supply chains
- Company's key contract opportunities further maturing
- Further expanding co-operation potential in France with H2V and Mitsubishi Power
- Increasing prospect pipeline to even higher levels and projects being further matured
- Accelerated focus on energy transition: "Fit for 55", IPCC report, IPCEI funding, Biden initiatives etc.
- Scaling up organization, incl. appointment of Chief Commercial Officer (starting 1 Sep 2021)
- ISO certification process ongoing with expected completion Q4 2021
- Robust balance sheet with cash position of NOK 471.2m as of 30th of June 2021



Market development and company pipeline

The Company's main markets continued to develop positively during the quarter with several new opportunities and inquiries. Projects and contract negotiations continue to mature and momentum is building up. Award of public funding under various EU or state agencies financing programs are

expected to be catalyst for final investments decisions to be made by project owners late 2021 and during 2022.

The Company continued to mature both new and existing key contract opportunities, particularly in France and the US. In Dunkirk there will be a public hearing process in the 4th quarter while our client H2V continue to

work on securing the financial and commercial basis for the projects both in Dunkirk and Normandy.

Full scale verification of electrode technology

The factory for production of HydrogenPro's proprietary next generation electrode technology was recently completed, on time and within the budgeted cost. The first- full scale electrodes with the new surface treatment will be produced before year end.

Test and demo center at Herøya

The Company continued to work with the start-up of two smaller container-based electrolyser systems at Herøya. Pressure testing is completed and production will be started during the 3rd quarter. Gradually, produced hydrogen will be delivered to Hynion in accordance with an agreement announced on 23rd April 2021.

Building up an international supply chain and developing competence and capacities

The Company has invested NOK 8.9 million in production capacity during the quarter. In addition, the Company continued to work on plans and preparation for establishing independent supply chains including fabrication both in Asia, Europe and the US.

The Company continued to strengthen the organization and its capacities and competences. The Company has established a close association with a team of international experts to perform R&D and innovation and has secured access to skilled experts capable of providing commissioning and start-up expertise at international locations.

In August, Mr. Erik Chr. Bolstad was appointed Chief Commercial Officer. Mr. Bolstad has several years of experience from various senior positions within ABB Marine and extensive experience from sales and marketing of large complex international

projects. Erik will take up his new role in HydrogenPro on 1st of September 2021.

NEWS RELEASES DURING 2ND QUARTER 2021 AND BEFORE THE 2Q REPORTING DATE ON 23RD AUGUST 2021:

Agreement with Hynion

On 23rd of April 2021: HydrogenPro and Hynion announced a co-operations comprising the following:

- HydrogenPro will supply green hydrogen to Hynion's fueling station at Herøya in Norway, from two of its test/demo electrolyser containers
- A general collaboration with Hynion regarding large-scale hydrogen production plants which will serve as centralized hubs for distribution to Hynion's network of hydrogen stations.

Agreement with Kvina Energy Park

On 28th of April 2021: HydrogenPro and Kvina Energy Park (KEP) entered into a co-operation agreement on the development of a significant hydrogen production facility in the Kvinesdal municipality in Norway. The plot is next to the largest electric hub in Norway, which is expected to provide access to electric power of in the range of 500-800 MW.

Update on MoU with Repsol

On 5th of May 2021 : HydrogenPro informed on 8th of January 2021 about the MoU with Repsol which included a 100MW project which i.a. was subject to allocation of Green Deal funding. HydrogenPro has now been informed that the mentioned 100MW project will not be part of the final Green Deal allocation in 2021. As previously communicated, discussions continue with Repsol.

HyDeal North America

On 18th of May 2021: Green Hydrogen Coalition launched HyDeal North America with HydrogenPro as one of the partners. HyDeal North America is a new commercialization platform founded by the Green Hydrogen Coalition to launch green hydrogen ecosystems around North America. Each regional initiative will be built around a consortium of diverse stakeholders, including multi-sectoral off-takers, with the goal of launching scaled supply chains that deliver low-cost green hydrogen.

MoU with H2V Industry and Mitsubishi Power Europe

On 27th of May 2021: HydrogenPro, H2V Industry and Mitsubishi Power Europe have entered into an MoU forming a consortium that will develop and deliver green industrial hydrogen projects

The MoU will form a long-term partnership, combining the value proposition and expertise of H2V Industry, HydrogenPro and Mitsubishi Power Europe supporting the European and French initiatives to reach the de-carbonisation goals.

OUTLOOK

The outlook for the Company's services continue to strengthen backed by an ever increasing focus on the need for an energy transition away from fossil energy sources. This is manifested through an increasing number of opportunities and projects within the green hydrogen space. Clients continue to mature projects and financing and move steadily towards final investment decision and thus contract awards. While the Company is not aware of any new large contract awards globally during the 2nd quarter, the Company view the award of EU or state financing as a catalyst to contract awards to be made late 2021 or early 2022. The Company expects that this will result in a strong demand for our early phase and front-end engineering studies.

HydrogenPro is attractively positioned in this developing market due to its mature and well proven high pressure alkaline technology in combination with energy efficient electrode technology. The Company has previously stated its ability to produce green hydrogen gas at a cost of USD 1.20 USD per kg (assumed electricity price of 0.02 USD/kWh) in 2022.

FINANCIALS

Income statement

(NOKm)

INCOME STATEMENT	Q2 2021	Q1 2021	H1 2021
Revenue, incl. other operating income	0.1	0.6	0.7
Raw materials and consumables used	0.1	0.7	0.8
Payroll expenses	7.4	4.4	11.7
Other operating expenses	4.7	3.6	8.3
EBITDA	-12.0	-8.1	-20.1
Depreciation and amortisation expenses	1.3	1.3	2.7
EBIT	-13.3	-9.5	-22.8
Net financial items	0.0	-0.1	-0.1
Result before tax	-13.3	-9.6	-22.9
Tax expense	-0.2	-0.3	-0.5
Net profit	-13.1	-9.3	-22.4

HydrogenPro had revenues of NOK 0.1 million during first quarter 2021 compared to NOK 0.6 million in Q1 2021.

Operating expenses amounted to NOK 13.5 million, whereof NOK 0.1 million in raw materials and consumables used, NOK 7.4 million in payroll expenses, NOK 4.7 million in other operating expenses and NOK 1.3 million in depreciation & amortization expenses. The P&L was negatively impacted by option-based compensation cost of NOK 6.7 million, which has a non-cash effect.

EBITDA during the quarter was -12.0 million vs. NOK -8.1 million in Q1 2021, with an operating loss of NOK 13.3 million compared to NOK 9.5 million in the previous quarter.

Net financial income and expenses in the quarter amounted to NOK 0.0 million vs NOK -0.1 million in Q1 2021.

Net loss (after tax) for the quarter ended at NOK 13.1 million, the corresponding figure in the previous quarter was NOK 9.3 million.

Balance sheet

(NOKm)

BALANCE SHEET	Q2 2021	Q1 2021	FY 2020
ASSETS			
Total intangible assets	59.5	56.7	55.3
Total tangible fixed assets	11.6	2.6	2.8
Total financial fixed assets	7.3	0.1	0.1
Total fixed assets	78.4	59.4	58.1
Current operating assets	3.9	5.7	5.7
Cash and cash equivalents	471.2	489.5	506.1
Total current assets	475.1	495.2	511.8
Total assets	553.5	554.7	570.0
EQUITY AND LIABILITIES			
Total equity	533.6	540.6	515.7
Provisions	9.8	10.1	10.3
Total short term liabilities	10.0	4.0	44.0
Total liabilities	19.8	14.1	54.3
Total equity and liabilities	553.5	554.7	570.0

Total assets as of 30th of June 2021 were NOK 553.5 million, whereof NOK 475.1 million in current assets (NOK 471.2 million in cash and deposits and NOK 3.9 million in other current assets), NOK 78.4 million in total fixed assets, whereof NOK 59.5 million in intangible assets, NOK 11.2 million in plant, machinery and equipment and NOK 0.1 million in financial fixed assets (investments in subsidiaries, shares and other securities).

Total equity amounted to NOK 533.6 million and total liabilities of NOK 19.8 million, whereof NOK 10.0 million in short-term liabilities and NOK 9.8 million in long-term

liabilities/provisions. The equity ratio as of 30th June 2021 was 96.4% compared to 97.5% the previous quarter.

Cash flow statement

(NOKm)

CASH FLOW STATEMENT	Q2 2021	Q1 2021	H1 2021
Cash balance start of period	489.5	506.1	506.1
Net cash flows from operating activities	2.0	-14.2	-12.2
Net cash flows from investing activities	-20.3	-2.7	-23.0
Net cash flows from financing activities	-	0.3	0.3
Total changes in cash	-18.3	-16.6	-34.9
Cash balance end of period	471.2	489.5	471.2

Net change in cash position during the financial quarter was negative: NOK -18.3 million compared to NOK -16.6 million in Q1 2021.

Net cash flow from operating activities was NOK 2.0 million, compared to NOK -2.7 million in Q1 2021.

During the quarter net cash flow from investing activities was NOK -20.3 million, whereof: next-generation electrodes (NOK8.9m), production capacity (NOK8.9m), R&D center at Herøya (NOK 1.3m) and H2V projects (NOK 1.2m).

Net cash flows from financing activities of NOK 0.0 million, vs. NOK 0.3 million during Q1 2021.

Financial statements

INCOME STATEMENT

(NOK)

	Note	Q2 2021	Q1 2021	H1 2021	FY 2020
Sales revenue	1, 2	133 468	598 047	731 515	26 557 242
Other operating income		0	0	0	136 330
Operating Income		133 468	598 047	731 515	26 693 572
Raw materials and consumables used	2	94 856	736 389	831 245	6 322 540
Payroll expenses		7 376 382	4 367 980	11 744 362	10 987 667
Depreciation of tangible and intangible fixed assets	3, 4	1 346 139	1 346 140	2 692 279	357 147
Other operating expenses		4 650 840	3 604 154	8 254 994	14 986 780
Operating expenses		13 468 217	10 054 662	23 522 880	32 654 134
Operating profit/loss		-13 334 749	-9 456 615	-22 791 365	-5 960 562
Financial income and expenses					
Other interest income		0	953	953	449 068
Other financial income		76 222	276 062	352 284	1 455 934
Other Interest expenses		18 620	16 810	35 430	491 562
Other financial expenses		33 141	361 208	394 349	3 693 540
Net financial income and expenses		24 461	-101 003	-76 542	-2 280 100
Result before tax		-13 310 288	-9 557 618	-22 867 908	-8 240 662
Tax expense		-241 331	-250 882	-492 213	7 726 572
Operating result after tax		-13 068 957	-9 306 736	-22 375 694	-15 967 234
Net result after tax		-13 068 957	-9 306 736	-22 375 694	-15 967 234
Loss brought forward		13 068 957	9 306 736	22 375 695	15 967 234
Total brought forward		-13 068 957	-9 306 736	-22 375 695	-15 967 234

BALANCE SHEET

(NOK)

	Note	Q2 2021	Q1 2021	FY 2020
ASSETS				
Fixed assets				
Intangible fixed assets				
Research and development	3	45 130 478	45 707 171	46 852 005
Licences, patents etc.	3	14 386 632	11 038 616	8 456 384
Total intangible assets		59 517 110	56 745 787	55 308 389
Tangible fixed assets				
Plant and machinery	4	11 428 790	2 565 047	2 715 897
Equipment and other movables	4	135 327	79 800	40 596
Total tangible fixed assets		11 564 117	2 644 847	2 756 494
Investments in subsidiaries		50 000	50 000	50 000
Investments in shares and other securities		1	1	6 702
Other receivables	7	7 268 038	0	0
Total financial fixed assets		7 318 039	50 001	56 702
Total fixed assets		78 399 266	59 440 635	58 121 584
Current assets				
Receivables				
Accounts receivables		1 037 999	1 047 320	3 182 831
Other receivables		2 849 105	4 673 568	2 540 970
Total debtors		3 887 104	5 720 888	5 723 801
Bank deposits, cash and cash equivalents				
Bank deposits, cash and cash equivalents		471 173 983	489 504 526	506 110 924
Total Bank deposits, cash and cash equivalents		471 173 983	489 504 526	506 110 924
Total current assets		475 061 087	495 225 414	511 834 725
Total assets		553 460 353	554 666 049	569 956 309

BALANCE SHEET (CONT.)

(NOK)

	Note	Q2 2021	Q1 2021	FY 2020
EQUITY AND LIABILITIES				
Equity				
Paid in equity				
Share capital	5, 6	57 806	57 806	57 169
Share premium reserve		574 588 441	574 588 441	542 170 113
Other paid-in equity		17 016 162	10 873 342	9 098 130
Total restricted equity		591 662 409	585 519 589	551 325 412
Retained earnings				
Other equity		-8 176	0	0
Loss brought forward		-58 023 940	-44 954 981	-35 648 245
Total retained earnings		-58 032 115	-44 954 981	-35 648 245
Total equity	6	533 630 294	540 564 608	515 677 167
Liabilities				
Provisions				
Deffered tax		9 821 199	10 062 531	10 307 441
Total provisions		9 821 199	10 062 531	10 307 441
Current liabilities				
Trade payables		5 063 308	365 229	7 183 663
Public duties payable		2 764 869	1 348 573	1 101 563
Other short term liabilities		2 180 682	2 325 107	35 686 475
Total short term liabilities		10 008 859	4 038 909	43 971 701
Total liabilities		19 830 059	14 101 441	54 279 142
Total equity and liabilities		553 460 353	554 666 049	569 956 309

CASH FLOW STATEMENT

(NOK)

	Notes	Q2 2021	Q1 2021	H1 2021	FY 2020
Cash flows from operating activities					
Profit before income taxes		-13 310 290	-9 557 618	-22 867 908	-8 240 662
Depreciation expense	3, 4	1 346 138	1 346 140	2 692 279	357 147
Option based compensation*		6 721 243	2 680 945	9 402 188	7 638 132
Change in accounts receivable		9 321	2 135 511	2 144 832	-2 036 531
Change in accounts payable		4 698 079	-6 818 434	-2 120 355	3 990 238
Write-down shares		0	6 701	6 701	0
Unrealised currency exchange effects		6 408	5 972	12 379	0
Change in other accruals		2 517 911	-3 992 688	-1 474 778	-5 397 718
Net cash flows from operating activities		1 988 810	-14 193 471	-12 204 662	-3 689 394
Cash flows from investing activities					
Change in tangible assets	4	-9 108 014	-62 515	-9 170 528	-2 332 876
Change in intangible assets	3	-3 943 301	-2 609 377	-6 552 678	-6 947 497
Change in other investing activities	7	-7 268 038	0	-7 268 038	0
Net cash flows from investing activities		-20 319 353	-2 671 892	-22 991 244	-9 280 373
Cash flows from financing activities					
Change in long term debt		0	0	0	-23 264 446
Proceeds from issue of share capital	5, 6	0	258 965	258 965	532 352 738
Net cash flows from financing activities		0	258 965	258 965	509 088 292
Cash balance start of period		489 504 526	506 110 924	506 110 924	9 992 399
Net change in cash		-18 330 543	-16 606 398	-34 936 941	496 118 525
Cash balance end of period		471 173 983	489 504 526	471 173 983	506 110 924

*) Option based compensation is restated in this report to highlight all costs related to the option incentive program (incl. social costs in Q1 and Q2). Social costs related to the option incentive program was 486K in Q1 2021 and 578K in Q2 2021. In addition, a one-off reversal of 419K is excluded because its non cash impact in Q1 2021. This is in accordance with NRS (F).

Accounting principles

The quarterly statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Basis for consolidation

The Group's consolidated financial statements comprise Hydrogenpro AS and companies in which Hydrogenpro AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the Company and can exercise control over the Company. Minority interests are included in the Group's equity. Transactions between group companies have been eliminated in the consolidated financial statement. The consolidated financial statement has been prepared in accordance with the same accounting principles for both parent and subsidiary.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Revenue recognition

Revenues from the sale of goods or services are recognised in the income statement once

delivery has taken place and most of the risk and return has been transferred.

Revenues from the sale of services and long-term manufacturing projects are recognised in the income statement according to the project's level of completion provided the outcome of the transaction can be estimated reliably. Progress is measured as the number of hours spent compared to the total number of hours estimated. When the outcome of the transaction cannot be estimated reliably, only revenues equal to the project costs that have been incurred will be recognised as revenue. The total estimated loss on a contract will be recognised in the income statement during the period when it is identified that a project will generate a loss.

Classification of balance sheet items

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

Intangible assets

Development costs are capitalized providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalized development costs

are amortized linearly over its useful life. Research costs are expensed as incurred.

Fixed assets

Land is not depreciated. Other fixed assets are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date.

Leased assets are reflected in the balances sheet as assets if the leasing contract is considered a financial lease.

Investments in other companies

Subsidiaries and investments in associates are valued at cost in the Company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Asset impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Long term contracts

Work in progress on long term fixed-price contracts is valued according to the percentage of completion method. The degree of completion is calculated as expenses incurred as a percentage of estimated total expense. Total expenses are reviewed on a regular basis. If projects are expected to result in losses, the total estimated loss is recognised immediately.

Debtors

Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Investments in quoted shares

Short term investments (stocks and shares seen as current assets) are valued at the lower of acquisition cost and fair value at the balance sheet date. Dividends and other distributions are recognized as other financial income.

Foreign currencies

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is

calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

Deferred tax is reflected at nominal value.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Notes

Note 1 Revenues

Per segment	Q2 2021	Q1 2021	H1 2021	FY 2020
Norway	0	0	0	136 330
Europe	133 468	598 047	731 515	8 412 867
America	0	0	0	18 144 375
Total	133 468	598 047	731 515	26 693 572

Note 2 Long-term contracts

Group balance sheet value of projects	Q2 2021	Q1 2021	FY 2020
<i>Included in trade debtors</i>			
Advance invoices production	0	0	0
Retained payments according to contract	0	0	0
<i>Included in short term debt</i>			
Prepayments from customers	145 185	188 653	786 700
Remaining production on projects with losses	350 000	440 000	250 000

Note 3 Intangible assets

Group intangible assets	Total intangible assets		
	Licences	R&D	
Purchase cost 01.01.2021	8 456 384	46 852 005	55 308 389
Additions	5 930 248	622 430	6 552 678
Impairment	0	0	0
Disposals	0	0	0
Purchase cost 30.06.2021	14 386 632	47 474 435	61 861 067
Accumulated amortization 30.06.	0	2 343 957	2 343 957
Net book value 30.06.2021	14 386 632	45 130 477	59 517 109
Amortization in the quarter	-	1 171 979	1 171 979
Economic useful life	5 - 10 years	10 years	
Amortization plan	Straight line	Straight line	

Additional information regarding licences and R&D costs:

Licences

In the quarter the additions to licences corresponds to several investment projects:

H2V (Invitation to bid):

In the quarter the HydrogenPro have capitalized costs of 1,2 MNOK (2,7 MNOK in first half 2021) related to direct efforts towards the H2V-projects. The efforts are considered to be useful for further projects in the future. The economic lifetime is expected to be 5 to 10 years. The amortization will be effective as soon as the 100MW hydrogen production plants starts to develop.

Alkaline technology and supply:

Additions to licences include investments made for future supply of Alkaline electrolysers and future development. HydrogenPro have invested in technology and production capacity of alkaline technology electrolysers and the economic lifetime is expected to be 5 years. Amortization will start when the first electrolysers are delivered. In the quarter these investments corresponds to approximately 1,6 MNOK (3,2 MNOK in first half 2021).

R&D

Advanced Surface Plating:

The R&D corresponds to the acquisition of the subsidiary Advanced Surface Plating ApS. The acquisition date was 22 December 2020, and the amortization in the first half corresponds to 10 year straight line. The additions of 0,6 MNOK for the quarter corresponds to costs related to operating the plating line production plant.

Note 4 Fixed assets

	Plant and machinery	Movables	Total fixed assets
Group fixed assets			
Purchase cost 01.01.2021	2 715 897	40 596	2 756 493
Additions	9 014 592	155 937	9 170 529
Impairment	0	0	0
Disposals	0	0	0
Purchase cost 30.06.2021	11 730 490	196 533	11 927 023
Accumulated depreciation 30.06.2021	301 700	61 206	362 906
Net book value 30.06.2021	11 428 790	135 327	11 564 117
Depreciation in the quarter	150 850	23 311	174 161
Expected useful life	5-10 years	5 years	
Depreciation plan	Straight line	Straight line	

Additional information regarding Plant and machinery:**Plant and machinery**Herøya R&D lab:

The Herøya R&D facility comprises two containers located close to the HydrogenPro office at Herøya. The additions in the quarter corresponds to 1,3 MNOK costs to prepare the containers for R&D activities. Depreciation will be effective when the lab is running, estimated in Q3 or Q4.

Production plating line in Denmark:

Additions for the first half 2021 are equivalent to 7,7 MNOK. These are costs incurred to establish the production plant facility in Aarhus as of 30.06.2021. The depreciation will be effective when the production plant is completed.

Note 5 Share capital and shareholder information

The share capital of NOK 57 806 consist of 57 806 307 shares with nominal value of NOK 0,001 each.

All shares are equal.

List of (20) major shareholders as of 30 June 2021		Number of shares	Ownership
RICHARD ESPESETH	Board member	11 366 481	19.7 %
TM HOLDING AS	Board member	9 585 182	16.6 %
Mitsubishi heavy Industries Ltd		5 381 165	9.3 %
CLEARSTREAM BANKING S.A.		4 527 319	7.8 %
VIVIAN YANJIN CHEN ESPESETH		3 173 571	5.5 %
VERDIPAPIRFONDET DNB SMB		1 571 362	2.7 %
ENERN INVEST AS	partly owned by CEO	1 506 966	2.6 %
VERDIPAPIRFONDET NORGE SELEKTIV		1 440 453	2.5 %
TOR DANIELSEN		1 373 571	2.4 %
JAN FREDRIK GARVIK		1 337 411	2.3 %
DZ PRIVATBANK S.A.		1 322 981	2.3 %
Citibank Europe plc		1 250 000	2.2 %
BARCLAYS CAPITAL SEC. LTD FIRM		1 145 776	2.0 %
Avanza Bank AB		1 121 902	1.9 %
State Street Bank and Trust Comp		980 500	1.7 %
Nordnet Bank AB		775 014	1.3 %
The Bank of New York Mellon		709 284	1.2 %
Nordea Bank Abp		683 592	1.2 %
VERDIPAPIRFONDET PARETO INVESTMENT		543 000	0.9 %
LJM AS		350 000	0.6 %
Sum largest shareholders		50 145 530	86.7 %
Sum other shareholders		7 660 777	13.3 %
Total number of shares		57 806 307	100 %

Note 6 Equity**Hydrogrenpro Group:**

Equity changes in the quarter	Share capital	Share premium	Option program	Other equity	Total
Equity 01.01.2021	57 169	542 170 113	9 098 130	-35 648 245	515 677 167
Profit for the quarter				-22 375 695	-22 375 695
Change in options			7 918 032		7 918 032
Capital increase	637	32 418 328			32 418 965
Currency differences consolidation				-8 176	-8 176
Equity 30.06.2021	57 806	574 588 441	17 016 162	-58 032 115	533 630 294

Note 7 Other receivables

	Q2 2021	Q1 2021	FY 2020
Long-term investment	6 668 500	0	0
Deposit	598 456	0	0
Other receivables	1 082	0	0
Total other receivables	7 268 038	-	-

Additional information regarding Other receivables:

Long-term investment:

HydrogenPro have invested in technology and production capacity of alkaline technology electrolyzers. The 6,7 MNOK investment made in the quarter, secures extra production capacity to which enables the company to meet future estimated demand from customers. Thus, the item is classified as part of long term receivables.

Alternative Performance Measures

HydrogenPro discloses alternative performance measures.

This is based on the group's experience that APMs are frequently used by analysts, investors and other parties as supplemental information.

The purpose of APMs is to provide an enhanced insight into the operations, financing and future prospect of the group. Management also uses these measures internally to drive performance in terms of monitoring operating performance and long-term target setting. APMs are adjusted IFRS measures that are defined, calculated and used in a consistent and transparent manner over the years and across the group where relevant.

Financial APMs should not be considered as a substitute for measures of performance in accordance with the Norwegian Accounting Standards.

HydrogenPro's financial APMs:

- EBITDA: is defined as earnings before interest, tax, depreciation, amortisation and impairment, corresponding to operating profit/(loss) plus depreciation, amortisation and impairment.

PORSGRUNN/OSLO, 22 AUGUST 2021

THE BOARD OF DIRECTORS

Walter Quam
Chairman of the Board
(Electronically signed)

Ellen Merethe Hanetho
Board member
(Electronically signed)

Terje Mikalsen
Board member
(Electronically signed)

Richard Espeseth
Board member
(Electronically signed)

Mårten Lunde
CEO
(Electronically signed)

To the board of
HydrogenPro AS

Report on Review of Interim Financial Information

To the board of Hydrogenpro AS

We have reviewed the accompanying consolidated balance sheet of HydrogenPro AS as of June 30, 2021 and the related consolidated statements of income and cash flow statement for the three-month period, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at June 30, 2021, and of its financial performance for the three month period then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

BDO AS

Espen Åsulfen
State Authorized Public Accountant
(signed electronically)

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Espen Åsulfsen

Partner

På vegne av: BDO AS

Serienummer: 9578-5995-4-86713

IP: 188.95.xxx.xxx

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Hydrogen pro

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