

**High-performance
clean energy for
power thirsty
industries.**

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Letter from the CEO

Dear shareholders,

What a difference a year can make! We entered the year with hopes of using 2020 to raise capital in order to build on the position the company had been able to take during the last 2-3 years in the electrolyser industry. As the Covid 19 virus travelled fast to all parts of the world and countries in Europe literally went into a lock down situation, we felt fairly pessimistic about the prospects for a capital raise. However, the equity markets soon turned positive and in combination with a strong interest for ESG related companies, we initiated preparations for a public offering and stock listing during the summer. Through an equity issue in October, which was several times oversubscribed, we raised NOK 550 million to support our future development. This capital was intended to grow the organisation, invest selectively in supply chain and R&D and to provide general working capital.

With the funding in place, we embarked on a program to strengthen our human resources, both technical and administrative, we have filled the positions as COO and CFO and we have hired competent and experienced electrolyser talent as new colleagues.

Soon after the capital raise, we initiated negotiations with the owners of the electrode technology in Advanced Surface Plating ApS (“ASP”) in Denmark who had been our project partners in a EU funded research project. In our view the ASP technology is critical in our efforts to increase operating efficiency of our electrolyser to approximately 93% of the theoretical maximum and thus enabling a production cost of about USD 1,2 kg per kilo by 2022. In a deal which was closed before Christmas, we became the 100% owners of this technology and through a share-based compensation, the previous owners of ASP are fully aligned with the interests of HydrogenPro.

During the year we continued to work with our contract pipeline and with new opportunities and in January 2021, we were chosen as a partner to Repsol for a possible 100MW green hydrogen project at its’ Petronor refinery in Bilbao. The project is i.e dependent on Green Deal funding. We continued to work closely with both H2V in France and Mitsubishi Power and DG in the US to support and assist in maturing their green hydrogen projects. We have reported on the status of these projects on a regular basis and latest in an

update to be provided on 30th April in connection with the announcement of this annual report.

Since the IPO in October we have intensified our work with reshaping our supply chain model from relying on fabrication of the electrolyser bodies in China to developing fully independent supply chains including electrolyser fabrication in both Europe and the US – while China will remain as a production hub for Asia and Australia/New Zealand. We have announced that we are seeking industrial partners in order to accelerate these plans whilst maintaining quality.

Finally, a word on the market. The number of prospects continue to increase and ambitions within green – or emission free- hydrogen grow higher by the month as stated by both nations and large corporates. We believe that allocations from some of the larger funding programs as “Green Deal” and “IPCEI” will turn out to become a catalyst for large scale investments decisions to be made late this year and next year.

We are pleased and proud to have you as a shareholder as we play our part in reshaping the energy future!

A handwritten signature in black ink that reads "mårten lunde". The letters are lowercase and written in a cursive, flowing style.

Mårten Lunde

CEO

HydrogenPro in brief

HydrogenPro aims to become a world leading designer, supplier and system integrator of alkaline electrolyser technology plants and solutions to meet the highest standard for safety, reliability and long lifetime.

Our main target is to produce green hydrogen at a cost which is competitive with fossil hydrogen. We deliver customized turn-key plants for large scale production of green hydrogen to large industrial clients. Modular and compact in design, our advanced hydrogen production plants offer efficient, renewable green hydrogen tailored to your needs.

The company was established in 2013 by individuals with background from the electrolysis industry which was established in Telemark, Norway by Norsk Hydro in 1927. Our organisation comprises an experienced engineering team of leading industry experts, drawing upon unparalleled experience and expertise within the hydrogen and renewable sectors. By combining our in-depth knowledge with innovative design, we continuously aspire to pioneer game-changing ideas and solutions to realise and maximise new opportunities in a smarter, sustainable, hydrogen powered future.

Hydrogen and main end-user segments

THE COLORS OF HYDROGEN

Hydrogen (H₂) is a colorless gas, but the market typically distinguishes between the source of the H₂, in particular to distinguish non-renewable fossil-based H₂ from renewably-sourced H₂.

“Grey” hydrogen

Grey H₂ is produced by methane steam reforming ($\text{CH}_4 + 2\text{H}_2\text{O} \rightarrow 4\text{H}_2 + \text{CO}_2$) in a high temperature and pressure nickel heterogeneously catalyzed process, without collection of the associated carbon dioxide.

“Blue” hydrogen

Blue H₂ is produced in the same way but the carbon dioxide is separated from the H₂ stream and stored for example, geologically in depleted gas fields or buried under the sea.

“Green” hydrogen

By contrast, green H₂ is produced by a fossil-free water electrolysis process ($2\text{H}_2\text{O} \rightarrow 2\text{H}_2 + \text{O}_2$), where the electricity comes from renewable sources, such as solar and wind. Currently, the main uses for H₂ around the world are ammonia synthesis (55%), chemical and petrochemical refineries (25%), and methanol production (10%).

“Turquoise” hydrogen

Turquoise hydrogen is a by-product of methane pyrolysis, which splits methane into hydrogen gas and solid carbon. Some consider that this makes turquoise hydrogen a low-emission hydrogen choice — but this depends on the energy-hungry thermal process being powered with renewable energy and the carbon being permanently stored.

Other colors of hydrogen

“Pink” hydrogen is hydrogen generated through electrolysis powered by nuclear energy.

“Yellow” hydrogen is used by some to refer to hydrogen made through electrolysis with solar power, alternatively referred to as electrolysed hydrogen made using power of mixed origin — i.e. the mix of renewable and fossil power actually flowing through the grid.

“White hydrogen” is naturally-occurring geological hydrogen found in underground deposits and created through fracking.

THE GLOBAL GREEN HYDROGEN MARKET IS SURGING

In our view green hydrogen is a key to a climate-friendly future. For industry, green hydrogen can be a real opportunity to achieve climate neutrality. To make use of this potential, it is important to take active steps to develop hydrogen technology and commercially develop sustainable business models across the entire value chain for hydrogen gas and gas-to-liquid.

The majority of costs stem from the cost of renewable power. The last few years we have seen a rapid growth in renewable capacity and this strong trend is forecasted to continue. Hydrogen will be needed to utilize the growth in renewables and the forecasted drop in renewable power prices will make green hydrogen competitive with fossil alternatives.

Awards by the several public financing programs, incl. IPCEI and EU Green Deal, are likely to be a catalyst to realize industrial scale projects going forward.

SELECTED INDUSTRIAL END-USERS

Refineries

Refineries use large amounts of hydrogen in the refinery operations which is typically generated from fossil sources (natural gas).

Europe's hydrogen production is currently around 9 million tonnes per year (Mt/y), according to the International Energy Agency (IEA), around half of this hydrogen is consumed by refineries.



The refinery companies are increasing their focus on green hydrogen projects, helping to reduce their carbon footprint. The introduction of hydrogen removes sulphur from raw materials for gasoline production, diesel oil and gasoil. Raw oil contains a number of natural sulphur compounds. Hydrogen is used for this, and the process produces hydrogen sulphide (H₂S) which ends up in the refinery's fuel gas. Direct combustion of fuel gas that contains H₂S, also known as “sour gas”, results in major emissions of SO₂ (Sulphur dioxide) from refineries. The fuel gas is therefore purified before being combusted in the refinery's combustion plant. The carbon emissions come later, when engines are used.

Ammonia for fertiliser production

Ammonia—one nitrogen atom bonded to three hydrogen atoms—may not seem like an ideal fuel. Its energy density by volume is nearly double that of liquid hydrogen—its primary competitor as a green alternative fuel—and it is easier to ship and distribute. You can store it, ship it, burn it, and convert it back into hydrogen and nitrogen. Around 40% of Europe's hydrogen production is consumed for ammonia production. Companies around the world already produce \$60 billion worth of ammonia from natural gas every year, primarily as fertilizer. Hydrogen from electrolysis could in the long term take large parts of this market, which today is covered by hydrogen from natural gas.



Steel production

Steel is one of the largest industrial sources of greenhouse gases and responsible for roughly 7 to 9 per cent of all direct emissions from fossil fuels, according to the World Steel Association.



More green steel production is expected in the future due to, among other things, help from hydrogen from electrolysis. The potential use of hydrogen as a reducing agent is many times larger than the amount of H₂ used in the ammonia industry.

Power to gas

Gas grid is more cost-effective than an electricity grid; for the same investment a gas pipe can transport 10-20 times more energy than an electricity cable. Europe has a well-developed gas grid that can be converted to accommodate hydrogen at minimal cost.



Several European studies have concluded that up to 10 percent hydrogen by volume can be mixed into natural gas, but that concentrations above 2 % by volume will/may (recommendations differ) entail further necessary changes to components in the natural gas network (subsurface storage, analysis equipment) and equipment that utilises natural gas and gas turbines. The capacity for mixing hydrogen in gas pipelines for export of natural gas to Europe may also be an option from Norway, Russia and North Africa. The hydrogen/natural gas mix may either be used directly like conventional natural gas, or the hydrogen may be separated from the natural gas and used as hydrogen. To combust these mixes, the challenges will be even more pronounced the higher percentage of hydrogen by volume is fed into the network regionally and between countries.

Synthetic (hydrogen-based) jet fuel (PtX)

Electrofuels (drop-in fuels) could supply a large amount of aviation's growing energy needs. To meet half of Europe's 2050 aviation's energy needs would require 24 % of the current European electricity generation. Combining CO₂ and H₂ then results in the synthetic fuel, which can be gasoline, diesel, gas, or even kerosene. Drop-in jet fuels have aggregate properties that are essentially equivalent to those of conventional (petroleum-based) jet fuels. As such, drop-in fuels are fully miscible with conventional jet fuels, and they are fully compatible with existing aircraft engines and the existing fuel infrastructure (tanks, pipelines, equipment, etc.). Present studies suggest that the fuel itself (excluding any excise duties) could cost between 1.00 and 1.40 euros a litre in the long run.

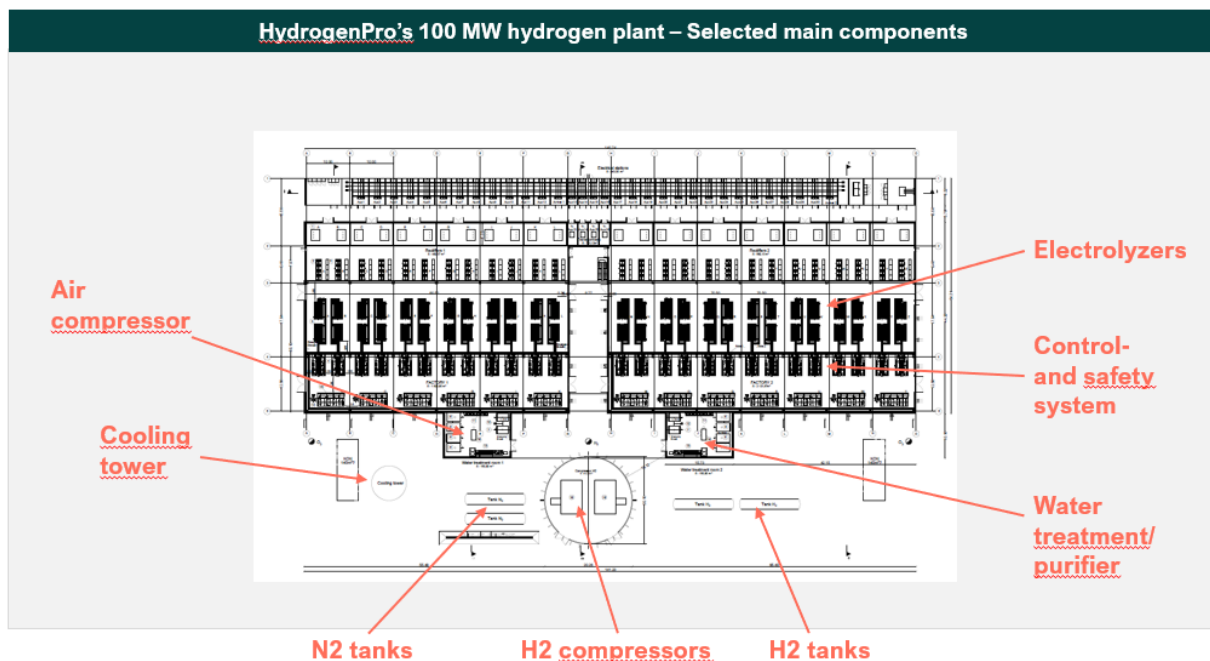


In 2019, the International Renewable Energy Agency (IRENA) predicted that the need for liquid fuel for all transport needs will be quadrupled from 2015 to 2030, when this will about 500 billion litres, to then rise all the way to 1 120 billion litres in 2050. In IRENA's Energy Vision 2050, it is also noted that electrofuels will be a key fuel everywhere electricity and batteries cannot do the job. This means that the majority of private automobiles will likely be pure electric cars, while a smaller number will run on electrofuel. With regards to ships, trains and aeroplanes, electrofuel will comprise a much larger proportion of fuel in tanks in the future. Upscaling the power fuels opportunity to meet 20% of global aviation fuel demand, would require 250 GW of electrolyser capacity, supported by a renewables fleet of 600 GW.

HydrogenPro's offerings

- ✓ **Largest hydrogen system in the world**
 - Ideal for large-scale industrial applications – 100 MW facilities is expected to become the new standard
 - In most industry applications no need for compressors
- ✓ **New exclusive electrode coating technology**
 - 14% efficiency increase
 - Reaching 93% of maximum theoretical efficiency – Limited potential for marginal improvements beyond such levels
- ✓ **Suitable for renewable energy input**
 - Dynamic operation and possibility to turn on and off hydrogen production instantly
 - Pressurised oxygen available as a “free” by-product
- ✓ **Attractive total cost of operation**
 - Significantly lower CAPEX and OPEX – 20% overall cost reduction per unit hydrogen produced
 - Low degradation results in long overhaul interval (10+ years)
 - Large potential to continue to reduce cost as there is no need for noble metals

HydrogenPro has developed a unique 100 MW system.



- HydrogenPro has designed and engineered the first 100 MW hydrogen system globally. This 100MW plant will set a new industry standard for production of green hydrogen
- HydrogenPro started engineering of the system in 2018
- HydrogenPro's key competencies are engineering, developing and integrating large-scale hydrogen systems

Board of Directors report

2020 HIGHLIGHTS

HydrogenPro had revenues of NOK 26.7 million and an operating profit of – NOK6.0 million. The cash balance at year-end was NOK 506.1 million.

HydrogenPro was listed on Euronext Growth on 14 October 2020 raising gross proceeds of approx. NOK 550 million (the "Primary Offering") and a secondary offering through a sale of shares totalling NOK 50 million.

On 20 December 2020 HydrogenPro announced an acquisition of 100% of the shares in Advanced Surface Plating ("ASP"). The acquisition was completed on 22 December 2020. ASP is the owner of a proprietary next generation advanced electrode technology which has the potential to improve the operating efficiency of HydrogenPro's high pressure alkaline electrolyzers with up to 14%, translating into a projected cost of USD 1.2/kg by 2022. HydrogenPro acquired the shares in ASP for a consideration consisting of 600,000 shares in the Company, as well as a potential additional cash consideration of up to NOK 6 million if certain targets are met.

In line with the growing market HydrogenPro continues to scale up the organization through hiring new management resources and personnel with extensive electrolyser and project experience.

FINANCIALS

Income statement

HydrogenPro had revenues of NOK 26.7 million in 2020 which mainly consisted of engineering work related to Mitsubishi's project in the US and the H2V projects in France.

Operating expenses amounted to NOK 32.6 million, whereof NOK 6.3 million in raw materials and consumables used, NOK 11.0 million in payroll expenses, NOK 15.0 million in other operating expenses and depreciation & amortization expenses of NOK 0.4 million.

Operating profit was NOK - 6.0 million.

Net financial income and expenses amounted to NOK - 2.3 million, which consisted of NOK 1.9 million as financial income and NOK 4.2 million as financial expenses (incl. a disagio effect of NOK 3.5 million)

Tax on ordinary result was NOK 7.7 million which included a tax effect of the Company's accrued deferred losses of NOK 7.7 million which was reversed in Q2 2020.

Annual net profit for the year ended at NOK - 16.0 million.

Balance sheet

Total assets as of 31st of December 2020 were NOK 570.0 million, whereof NOK 511.8 million in current assets (NOK 506.1 million in cash and deposits and NOK 5.7 million in total debtors) and NOK 58.1 million in non-current assets, whereof NOK 55.3 million in intangible assets, NOK 2.8 million in tangible fixed assets and NOK 0.1 million in financial fixed assets.

Total equity amounted to NOK 515.7 million and total liabilities of NOK 54.3 million, whereof NOK 44.0 million in short-term liabilities and NOK 10.7 million in long-term liabilities/provisions.

The equity ratio was 90%.

Cash flow statement

Net increase in cash during the financial year was NOK 496.1 million. Net cash flow from operating activities was NOK 28.5 million. Note that a positive impact of NOK 26.7 million relates to that HydrogenPro entered into a share purchase agreement with the initial shareholders of Advanced Surface Plating ApS on 20th of December 2020. As the payment was first settled through a share capital increase approved by the extraordinary general meeting on January 8th 2021, the claims at year end, was treated as part of other short term liabilities.)

Net cash flow from investing activities of NOK – 51.7 million (incl. R&D of NOK 46.9 million which relates to the acquisition of Advanced Surface Plating ApS).

Net cash flows from financing activities of NOK 519.4 million, mainly due to the gross proceeds of NOK 550 million raised in connection with the IPO.

UPDATE ON MAJOR PROJECTS

H2V Dunkirk and H2V Normandy (100MW each)

The Front End Engineering Contracts (FEED) were completed during 2020 and based on this work, H2V submitted, relevant applications to French authorities. From our client we understand that these applications are still pending. We also understand that the client continues to work with various funding schemes for renewable energy projects, both EU and France based. In February 2021 H2V and Air Liquide announced a transaction which implies that Air Liquide acquires a 40% ownership in the Normandy project. HydrogenPro is currently working on a comprehensive invitation to bid ("ITB") process for sub-suppliers to these projects.

DG Fuels – (120 MW for phase 1)

This project is developing, and the Company is in a close dialogue with the project initiators. Activity has stepped up recently partly due to a «green» re-focus in the US following the inauguration of the Biden administration in January 2021. The initiators have entered into long-term offtake agreements for parts of the planned production. Also, long-term pricing of environmental credits related to synthetic fuel is progressing. A leading US investment bank has been engaged to arrange the financing of the project. Company understands that a contract for

detailed engineering work with a large engineering company is expected to be finalized within shortly.

Mitsubishi Power USA (33 MW)

The Company completed the design work related to developing a large 11MW electrolyser for the US market in January 2021. Discussions are ongoing regarding a possible pilot plant to be built and delivered to Mitsubishi Power in the US.

SHARES AND DIVIDEND

HydrogenPro is listed on Euronext Growth at Oslo Stock Exchange under the ticker "HYPRO".

As of 31st of December 2020 the number of shares outstanding was 57,169,312 with a par value of NOK 0,001/share, and the number of shareholders was 1993, compared to 225 at the date of listing on 14th of October 2020.

The market capitalization as of year-end 2020 was NOK 3.48bn.

Given the Company's early stage of development and strategic ambitions, the Board of Directors does not recommend a dividend for the year 2020.

RISKS

Through its' ordinary operating activities, the Company is exposed to various types of risk and this exposure to risk is expected to increase as the Company gradually becomes more involved in the actual delivery and system integration of large-scale electrolyser plants. The Company is proactively working to identify risks and taking risk mitigating initiatives to the extent this is practicable and appropriate. The ongoing work with an ISO certification of the Company is an important part of the Company's efforts to manage and control risk.

Below follows a discussion of the Company's main risks and uncertainties. Additional risks and uncertainties that the Company currently believes are of less importance or that are currently not known to the Company, may also have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

Demand for hydrogen and thus the interest in acquiring the Company's services, may be volatile and are affected by numerous factors beyond the Company's control. Some of these relate to the cost of producing and delivering hydrogen, expectations regarding future energy prices, governmental laws, regulations and permissions, local and international energy and climate policies and economic conditions, technological changes etc.

Furthermore, the Company depends on its' ability to ensure sufficient product quality and performance of the electrolyser systems to meet the customer's expectations and to remain competitive.

Violations of and/or changes in laws and regulations, including environmental laws could increase costs or change the way the Company does business. Similarly, changes in laws could make operating the Company's business more expensive or require the Company to change the way in which it conducts its business. The hydrogen industry is in its development phase and is not currently subject to industry specific government regulations in all regions.

Disruptions of deliveries by the Company's suppliers could increase operating costs, decrease revenues and adversely impact the Company's operations. The Company has still not entered into final written agreements with material subcontractors.

The Company may be subject to litigation that could have an adverse effect on the Company's business, results of operations, cash flows, financial condition and/or prospects. There are inherent risks related to the Company's business which may expose the Company to litigation, including personal injury litigation, environmental litigation, contractual litigation with clients or other contract counterparties, intellectual property litigation and tax or securities litigation. The Company is not involved in any litigation.

A further spread of the corona virus (COVID-19) or a similar pandemic could potentially have a material adverse effect on the Company.

The Company uses information technology systems to conduct its business, and disruption, failure or security breaches of these systems could materially and adversely affect its business and results of operations.

The Company's functional currency is NOK. The Company operates globally and is therefore exposed to currency fluctuations, mainly related to USD, Euro and CNY. The Company's exposure to interest rates was mainly related to interest earned on the Company's cash position with banks. The Company's exposure to currencies and interest rates is managed on a continuous basis.

The Company is exposed to credit risk. Any failure in the ability or willingness of a counterparty to fulfil its contractual obligations may have a significant adverse effect on the Company's business, prospects, financial results and/or results of operations.

The Company may require additional capital in the future to execute its strategy or for other purposes, which may not be available on favorable terms, or at all.

CORPORATE GOVERNANCE REPORT

With our ambition to become a leading supplier of water electrolyser systems for industrial applications, the Company has a responsibility to commit to high standards relating to working environment and personnel welfare, environmental impact and business practices.

Our ambition is to be an honest, ethical and reliable corporation and build a global reputation as a trusted supplier and partner. We will achieve this by adopting and complying with principles of corporate responsibility and in our daily operations, demonstrate integrity and transparency.

Following the IPO the Company has implemented guidelines, policies and procedures relating to human rights, employee rights and social matters including prevention of corruption, harassment and discrimination.

HydrogenPro's reports on the company's corporate governance in accordance with the Norwegian Accounting Act § 3-3b. Please see Corporate Governance Report in next section.

EMPLOYEES

The company had 10 direct employees at the end of the financial year, whereof three women and seven men. The company had no accidents or injuries of staff during 2020 and sick leave was 0.0%.

DIRECTOR'S AND OFFICER'S INSURANCE

During 2020 a Director's and Officer's ("D&O") insurance agreement was not in place. As the Company is growing its business a D&O insurance was entered into effective from 19th of April 2021.

ENVIRONMENT

The core of Hydrogen Pro's business model is to provide green hydrogen solutions for industrial purposes, i.e. sustainability is the core of our offering through combating climate change. The company's hydrogen solutions have zero emissions when connected to renewable power sources as solar, wind or hydro power.

AFTER BALANCE SHEET DATE

On 8th of January 2021: In connection with the acquisition of Advanced Surface Plating ApS in Denmark (ASP), the Extraordinary General Meeting resolved to carry out a share capital increase of 600,000 shares bringing the total number of outstanding shares to 57,769,312.

On 8th of January 2021: A Memorandum of Agreement was entered into between Repsol S.A. Ariema S.A and HydrogenPro with a plan to develop joint hydrogen projects. Within the framework of a Memorandum of Understanding, HydrogenPro will assist the Spanish multi-energy provider Repsol to mature and accelerate projects which will help Repsol achieve its' target of becoming a zero emissions company by 2050. HydrogenPro will contribute technology and know how to build and deliver efficient high pressure alkaline electrolyzers to produce green hydrogen which will contribute to the decarbonization of Repsol and to reaching its' zero-emission target.

In late January, an application was submitted for European Green Deal funding. A key component of the project is to implement the latest electrolyser technology with improved efficiency to design an optimized 100MW plant. Any future project depends on allocation of Green Deal funding, and at present, there are no assurances that such funding will be granted nor that Repsol will make a final decision to invest in an electrolyser plant in the future.

Ariema will act as facilitator and assist and support HydrogenPro during the project phase and assuming the project is approved, will support and assist HydrogenPro in establishing a supply chain for electrolyser projects in Spain.

On 8th of February 2021: Air Liquide (as 40% owner of Normandy project) announced a Memorandum of Understanding ("MoU") with Siemens for PEM electrolyser co-operation. Normandy project mentioned as opportunity for Siemens PEM electrolyser. Dunkirk-project not impacted by this MoU. The submitted application to French authorities is based on HydrogenPro's engineering studies and technology for both projects.

On 22nd of February 2021: HydrogenPro held its first quarterly presentation (Q4 2020) with a target to produce green hydrogen at USD 1.2/kg through its world-leading electrode technology.

On 23rd of April 2021: HydrogenPro and Hynion entered into two collaboration agreements on green hydrogen supply to fueling stations:

1. HydrogenPro will supply green hydrogen to Hynion's fueling station from two of its test and demo electrolyser containers and further testing of full-scale electrodes with the novel surface treatment technology, as part of a larger program to verify its technologies. Hynion will be

the offtaker of hydrogen at commercial terms. The parties will, together with Industrial Green Tech, apply for Enova grants as part of a larger project in the Grenland area.

2. A general collaboration with Hynion. The parties will collaborate on defined projects that are suitable for cooperation where HydrogenPro will deliver large-scale hydrogen production plants that will serve as production hubs to Hynion's further distribution to its hydrogen stations across different geographies. Further potential to build a centralized system of hydrogen production for further distribution to its network of fueling stations. There is a clear mutual win situation to co-operate at Herøya and within the Industrial Green Tech cluster at Herøya Industripark and HydrogenPro's focus on large scale industrial applications remain unchanged.

On 28th of April 2021: HydrogenPro and Kvina Energy Park (KEP) entered into a co-operation agreement on the development of a significant hydrogen hub in the Kvinesdal municipality in Norway. The plot is close to the main grid for electricity, which is expected to provide ample access to electric power of 500-800 MW of annual hydrogen gas production in the order of 100,000 tons per year, equaling an estimated 190,000 tons of CO₂ per year to replace gray hydrogen.

The plot is conveniently located in relation to transport by rail, road and over sea. Plot regulation for industrial purposes that opens up for hydrogen production and works in parallel with the license application for electricity. At the same time, the company will intensify its efforts to develop demand and new value chains for green hydrogen.

The parties will establish a jointly owned company, Kvina Hydrogen AS, which will be responsible for the industrial and commercial development of the project. The initiators behind KEP will take daily responsibility for this development, while HydrogenPro will assist with support and assistance in the design and optimization of production facilities for electrolysis as well as assistance and support in dialogues with industrial users and in the development of new value chains.

OUTLOOK

The Board of Directors sees significant opportunities for HydrogenPro in the green hydrogen industry. The Company is strategically positioned in a fast-growing market, has a unique technology position and has been chosen as the supplier on four large projects. The company has a large and growing pipeline of potential future projects and is developing a possible partnership position with several companies. The Company has a well-capitalized balance sheet.

The Board believes that with expected awards of subsidized EU funding late this year and next year, Europe will start seeing some of the larger projects move into the stage of actually ordering the electrolyser equipment.

Please note that the outlook is subject to the risks outlined in the non-exhaustive description of risk factors described above.

GOING CONCERN AND STATEMENT FROM THE BOARD OF DIRECTORS

In accordance with section 3(3a) of the Norwegian Accounting Act, the Board of Directors, confirms that the going-concern assumption is met and that the annual accounts for the Company for 2020, to the best of our knowledge, have been prepared in accordance with applicable accounting standards, and that the information provided in the financial statements gives a true and fair view of the Company's assets and liabilities.

PORSGRUNN/OSLO, 29 APRIL 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)

Corporate governance report

INTRODUCTION

Good corporate governance is important when building a larger and robust organization to create shareholder value, credibility and access to capital in the financial markets and also build a reputation as a trusted and reliable supplier and partner to large international corporates. While HydrogenPro is not subject to the Norwegian recommendations in NUES (Norwegian Code of Practice for Corporate Governance) updated as of 17 October 2018, the Company aims to comply with and seek direction from the guidelines and procedures in NUES.

HydrogenPro was listed on 14th of October 2020 on Euronext Growth Oslo, under the ticker "HYPRO". As a listed company, HydrogenPro will comply with applicable provisions of the Norwegian Securities Trading Act, and Market Abuse Regulation (MAR), the Continuing obligations for companies listed on Euronext Growth, the Norwegian Private Limited Liability Companies Act and all other applicable laws and regulations.

During 2020, the Board of Directors conducted 18 board meetings, the meetings were conducted as physical meetings, online meetings and electronic circulation of documents.

GENERAL MEETING

The General Meeting is the highest decision-making authority of the Company. All shareholders of the Company are entitled to attend and vote at General Meetings and to table draft resolutions for items to be included on the agenda for a General Meeting. The General Meeting will normally be held each year by the end of June, with notice of the event and documents available on the Company website no later than seven days before the annual general meeting. Shareholders may participate and vote, in person or by proxy, as long as they are registered with the Norwegian Registry of Securities (VPS).

THE WORK OF THE BOARD OF DIRECTORS

Pursuant to Article 5 of the Articles of Association, the Board of Directors shall consist of 2-6 members elected by the general meeting. The current Board of Directors consists of four members, one woman and three men. All members are elected for a term of two years and may be re-elected. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business. This includes ensuring proper organization, preparing plans and budgets for its activities ensuring that the Company's activities, accounts, and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

MANAGEMENT

In accordance with Norwegian law and instructions set out by the Board of Directors, Management is responsible for the day-to-day management of the Company's operations. Among other responsibilities, the Company's Chief Executive Officer (the "CEO"), is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for

managing the Company's assets in a responsible manner. In addition, the CEO must, according to Norwegian law, brief the Board of Directors about the Company's activities, financial position and operating results as a minimum once a month.

HEALTH AND SAFETY

We regard the health and safety of all employees and others directly associated with our activities, as our outmost priority. This is an area of continuous focus for the Company and has been particularly highlighted during the Covid 19 pandemic which continues to affect us. In general, the Company complies with relevant local health and safety laws, regulations, and best practices to provide and maintain a healthy and safe working environment.

Leave of absence was measured to 0.0% in 2020 of the total working hours in the Company in 2020. Furthermore, we had no incidents or accidents reported neither of personnel injury or materials during the year. The COVID-19 pandemic was an important event throughout 2020 and HydrogenPro has focused on safeguarding employees by implementing infection control measures and following government advice and regulations. This has included working from-home orders when and where possible. No employees in HydrogenPro have been confirmed with COVID-19 during 2020.

EXTERNAL COMMUNICATION AND INVESTOR RELATIONS

HydrogenPro seeks transparency and is committed to provide its shareholders with precise and relevant information to ensure that the Company's share price reflects its true value and prospects. HydrogenPro upholds the equal treatment of shareholders and potential investors. HydrogenPro has implemented a process for handling of sensitive information to ensure that the Company, its employees, and representatives fulfill their obligations regarding the handling and publication of sensitive information. HydrogenPro's financial calendar, press releases and stock exchange notices are published on Oslo Børs' platform Newsweb and is also made available on the Company's web site.

The Investor Relations activities are conducted by the IR team, which includes the CFO, the CEO, and the Chairman of the Board as well as other personnel appointed by the team. Only members of the IR team act as spokespersons.

AUDITORS

HydrogenPro's auditor is BDO AS. The partners of BDO AS are members of The Norwegian Institute of Public Accountants (Nw.: "Den Norske Revisorforening"). The auditors provide a statement each year confirming their independence (see "Independent Auditor's Report"). At each year's annual general meeting, the Board of Directors discloses the fees paid to the auditors.

Board of Directors

Walter Quam

Chairman of the board

Walter has 40 years of experience from executive management and board positions in international corporations such as DNV GL, Gemini Consulting, CapGemini and Kongsberg Gruppen ASA based in Norway, East Asia, Continental Europe and the Nordics.

Walter has since stepping down as the President and CEO of Kongsberg Gruppen ASA mid 2016 devoted his time to non-executive board roles and strategic engagements through his own advisory business, miway.no. He is currently chairperson in Petroleum Geo-Services ASA, SINTEF, Council of the Foundation DNV, mnemonic, wheel.me and Digital Norway. Walter holds a MSc from NTNU/NTH in Trondheim. Qvam is a Norwegian citizen and resides in Norway.

Terje Mikalsen

Director

Terje has a long list of top management and board positions. He co-founded Norsk Data AS and has been an active owner in many companies as well as heading the listings of Norsk Data, Hafslund, Nycomed and NCL at the NY stock exchanges (NYSE/Nasdaq). Terje holds an MSc from NTH. He is a Norwegian citizen and resides in Norway.

Ellen Merete Hanetho

Director

Ellen has 20 years of experience from investment banking and private equity as a finance and business development executive in corporations such as Frigaard Invest, Credo Partners, Goldman Sachs Investment Banking Division in London and New York, and the Brussels Stock Exchange and Citibank in Brussels. She is founder and chairperson of Cercis, a cleantech investment company established in 2020. Ellen holds a BSBA from Boston University, US and an MBA from Solvay University, Belgium in addition to executive

training from INSEAD, France and Harvard Business School, US. Hanetho is a Norwegian citizen and resides in Norway.

Richard Espeseth

Director

Richard founded HydrogenPro in 2013. He has 25 years international industry experience from Norsk Hydro, Statoil, ABB and RPR. More than 10 years of experience from the hydrogen electrolyser business. M.Sc. in Mechanical Engineering from South Dakota School of Mine & Technology.

Management

Mårten Lunde

CEO

Mårten has held several positions as CEO and CFO, primarily within shipping and offshore. Previous CFO of Bonheur and CEO in Fred.Olsen Production and the Troms Offshore Supply group. M.Sc. in Economics and Business Administration from the Norwegian School of Economics (NHH). Mårten was appointed CEO as of 28th August 2020.

Richard Espeseth

CBDO

Richard founded HydrogenPro in 2013. He has 25 years international industry experience from Norsk Hydro, Statoil, ABB and RPR. More than 10 years of experience from the hydrogen electrolyser business. M.Sc. in Mechanical Engineering from South Dakota School of Mine & Technology.

Martin Thanem Holtet

CFO

Martin was appointed as CFO in December 2020 and joined HydrogenPro on 1st of March 2021. Martin comes from the position as VP, Head of Treasury and IR in Hurtigruten. Prior to this, he worked with strategy and M&A in Yara International and Corporate Finance in Carnegie. Martin holds a master's degree from Norwegian School of Economics (NHH) with a major in financial economics.

Additionally, Sindre Utne has been appointed as COO. He starts in HydrogenPro on 3rd of May 2021. He comes from the role as General Manager at Wärtsilä where he is heading the global business of Power & Energy Management Systems. Sindre has broad experience from business operations, strategy development, risk management and cost control. Sindre has a M.Sc. Offshore Safety and Risk Management.

Financial statements

INCOME STATEMENT

(NOK)

Hydrogenpro AS			Hydrogenpro Group	
2020	2019	Note	2020	2019
Operating income and operating expenses				
26 557 242	25 156 401		26 557 242	0
136 330	0	1, 2	136 330	0
26 693 572	25 156 401		26 693 572	0
Operating Income				
6 322 540	15 452 041	2	6 322 540	0
10 987 667	7 705 967	9	10 987 667	0
357 147	48 898	3	357 147	0
14 980 530	16 556 202	9	14 986 780	0
32 647 884	39 763 108		32 654 134	0
Operating expenses				
-5 954 312	-14 606 707		-5 960 562	0
Operating profit				
Financial income and expenses				
449 068	9 994		449 068	0
1 455 934	1 095 604		1 455 934	0
491 562	1 862 438		491 562	0
3 693 540	1 256 215		3 693 540	0
-2 280 100	-2 013 054	10	-2 280 100	0
Net financial income and expenses				
-8 234 412	-16 619 762		-8 240 662	0
7 726 572	-3 748 614	8	7 726 572	0
-15 960 984	-12 871 148		-15 967 234	0
Operating result after tax				
-15 960 984	-12 871 148		-15 967 234	0
Annual net profit				
-15 960 984	-12 871 148		-15 967 234	0
Majority share				
Brought forward				
15 960 984	12 871 148		15 967 234	0
-15 960 984	-12 871 148	6	-15 967 234	0
Total allocated				

BALANCE SHEET

(NOK)

Hydrogenpro AS		Hydrogenpro Group		
2020	2019	Note	2020	2019
Assets				
Fixed assets				
Intangible fixed assets				
0	0			
8 456 384	5 893 451			
0	7 726 572			
8 456 384	13 620 023		55 308 389	0
Tangible fixed assets				
2 715 897	0			
40 596	66 471			
2 756 494	66 471		2 756 494	0
Financial fixed assets				
36 533 706	50 000			
6 702	6 702			
36 540 408	56 702		56 702	0
47 753 285	13 743 195		58 121 584	0
Current assets				
Debtors				
3 182 831	1 146 300			
2 540 970	2 185 381			
5 723 801	3 331 681		5 723 801	0
506 110 924	9 992 399			
511 834 725	13 324 080		511 834 725	0
559 588 010	27 067 275		569 956 309	0

(NOK)

Hydrogenpro AS		Hydrogenpro Group			
2020	2019	Note	2020	2019	
Equity and liabilities					
Restricted equity					
57 169	31 406	Share capital	6, 7	57 169	0
542 170 113	9 843 138	Share premium reserve		542 170 113	0
9 098 130	1 459 998	Other paid-in equity		9 098 130	0
551 325 412	11 334 542	Total restricted equity		551 325 412	0
Retained earnings					
-35 648 245	-26 870 981	Loss brought forward		-35 648 245	0
-35 648 245	-26 870 981	Total retained earnings		-35 648 245	0
515 677 167	-15 536 439	Total equity	6	515 677 167	0
Liabilities					
Provisions					
0	0	Deferred tax	8	10 307 441	0
0	0	Total provisions		10 307 441	0
Other long-term liabilities					
0	22 911 739	Convertible loans		0	0
0	352 707	Other long term liabilities		0	0
0	23 264 446	Total of other long term liabilities		0	0
Current liabilities					
7 176 788	3 193 425	Trade creditors		7 183 663	0
1 101 563	796 027	Public duties payable		1 101 563	0
35 632 492	15 349 816	Other short term liabilities	14	35 686 475	0
43 910 843	19 339 268	Total short term liabilities		43 971 701	0
43 910 843	42 603 714	Total liabilities		54 279 142	0
559 588 010	27 067 275	Total equity and liabilities		569 956 309	0

PORSGRUNN/OSLO, 29 APRIL 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)

CASH FLOW STATEMENT

(NOK)

HydrogenPro AS			HydrogenPro Group	
2020	2019	Note	2020	2019
Cash flows from operating activities				
-8 234 412	-16 619 762		-8 240 662	0
0	0		0	0
0	0		0	0
357 147	48 898	3	357 147	0
0	188 427		0	0
7 638 132	1 459 998	12	7 638 132	0
0	0		0	0
-2 036 531	-1 139 638		-2 036 531	0
3 983 363	1 387 311		3 990 238	0
0	0		0	0
26 702 049	6 966 011	14	26 762 282	0
28 409 748	-7 708 755		28 470 606	0
Cash flows from investing activities				
-2 332 876	-53 739	3	-2 332 876	0
-2 562 933	0	3	-49 414 938	0
0	0		0	0
0	0		0	0
-36 483 706	-50 000		0	0
-41 379 515	-103 739		-51 747 814	0
-23 264 446	-770 115		-23 264 446	0
0	0	8	10 307 441	0
0	0		0	0
0	0		0	0
0	0		0	0
532 352 738	9 844 544	6, 7	532 352 738	0
509 088 292	9 074 429		519 395 733	0
496 118 525	1 261 935		496 118 525	0
9 992 399	8 730 464		9 992 399	0
506 110 924	9 992 399	5	506 110 924	0

ACCOUNTING PRINCIPLES

The financial 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.

The consolidated financial statement has been prepared in accordance with the same accounting principles for both parent and subsidiary.

Material transactions and balances between the companies in the group have been eliminated.

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. Differences between the cost price of the subsidiaries' shares and the book value of net assets in the same subsidiaries at the time of acquisition have been analyzed and attributed to the assets to which the differences relate. The part of the excess cost that cannot be attributed to acquired assets is classified as goodwill and amortized over its economic life.

Consolidation has been carried out from the time of takeover until the time of disposal.

Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Revenue

Income from sale of goods and services are recognised at fair value of the consideration, net after deduction of VAT, returns,

discounts and reductions. Sales are taken to income when the company has delivered its products to the customer and there are no unsatisfied commitments which may influence the customer's acceptance of the product. Delivery is not completed until the products have been sent to the agreed place, and risks relating to loss and obsolescence have been transferred to the customer. Historical data is applied to estimate and recognise provisions for quantity rebates and returns at the sales date. Provisions for expected guarantee work are recognised as expenses and provisions for liabilities. Services are recognised in proportion to the work performed.

Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Purchase costs

The purchase cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and purchase costs (freight, customs fees, public fees which are non-refundable and any other direct purchase costs). Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date. For fixed assets and intangible assets purchase cost also includes direct expenses to prepare the asset for use, such as expenses for testing of the asset.

R&D expenses are taken into the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the expenses can be reliably measured. Otherwise such expenses are expensed as and when incurred. R&D expenses are depreciated on a straight-line basis over the asset's expected useful life.

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 in listed companies the fair value principle is used. The value in the balance sheet corresponds to the market value of the investments at the period end. Dividends received, and both realised and unrealised gains/losses are recognised as other financial income.

Foreign currencies

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as operating income and cost of goods sold.

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

(NOK)

Note 1	Revenue		
Group geographical distribution		2020	2019
Norway		136 330	947 050
Europe		8 412 867	24 209 351
America		18 144 375	-
Total		26 693 572	25 156 401

Note 2	Long term contracts		
Group balance sheet value of projects		2020	2019
<i>Included in trade debtors</i>			
Accrued income, not invoiced		-	1 354 683
Retained payments according to contract		-	-
<i>Included in short term debt</i>			
Deferred income, invoiced amount in excess of earned		786 700	6 408 752
Result items relating to long term contracts		2020	2019
<i>Result of work in progress</i>			
Total income in the income statement		9 132 964	20 926 373
Estimated contract profit		5 986 573	6 916 517

Note 3	Fixed assets				
Group fixed assets	Container	Movables	Licences	R&D	Total fixed assets
Purchase cost 01.01.	0	100 369	0	0	100 369
Additions	3 017 597	29 572	8 456 384	46 852 005	58 355 558
Impairment	0	0	0	0	0
Purchase cost 31.12.	3 017 597	129 941	8 456 384	46 852 005	58 455 927
Accumulated depreciation 31.12	301 700	89 345	0	0	391 045
Net book value 31.12.	2 715 897	40 596	8 456 384	46 852 005	58 064 882
Depreciation in the period	340 547	16 600	-	-	357 147
Expected useful life	5 years	5 years			
Depreciation plan	Straight line	Straight line			

Note 3 Fixed assets - continued**Licences**

As per 31.12.2020 the company had capitalized NOK 8,5 million relating to the FEED (front end and engineering study) to be used in the further development of 100MW production plants. No capitalization was made during the 4th quarter. Financial lifetime is expected to be 5-10 years and the depreciation starts when the FEED study is finished and the 100MW hydrogen production plants begin to develop.

R&D

The R&D corresponds to the acquisition of the subsidiary Advanced Surface Plating ApS. The financial lifetime is expected to be 10 years. The acquisition date was 22. of desember 2020, and the depreciaton is considered to be effective from Q1 2021.

Parent company fixed assets	Container	Movables	Licences	Total fixed assets
Purchase cost 01.01.	0	100 369	5 893 451	5 993 820
Additions	3 017 597	29 572	2 562 933	5 610 102
Impairment	0	0		0
Disposals	0	0	0	0
Purchase cost 31.12.	3 017 597	129 941	8 456 384	11 603 922
Accumulated depreciation 31.12.	301 700	89 345	0	391 045
Net book value 31.12.	2 715 897	40 596	8 456 384	11 212 877
Depreciation in the period	340 547	16 600	-	357 147
Expected useful life	5 years	5 years		
Depreciation plan	Straight line	Straight line		

Note 4 Balance with group companies, etc.

Hydrogenpro AS		Hydrogenpro Group	
Other long term liabilities		Other long term liabilities	
2020	2019	2020	2019
0	0	0	0
	Group companies		
0	109 629	0	0
	Associated companies		
0	352 707	0	0
	Owners		
0	462 336	0	0
	Total		
0	352 707	0	0
	Long term liabilities (more than five years maturity)		
50 674	0	50 674	0
	Short term with associated companies		

Note 5 Restricted bank deposits, overdraft facilities

Hydrogenpro AS		Hydrogenpro Group	
2020	2019	2020	2019
372 217	327 478	372 217	0
	Restricted bank deposits		
	Withheld employee taxes		

Note 6 Shareholders' equity

Hydrogenpro AS:

Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity 01.01.	31 406	9 843 138	1 459 998	-26 870 981	-15 536 439
Profit for the year				-15 960 984	-15 960 984
Correction*				7 183 720	7 183 720
Capital increase	25 763	532 326 975	7 638 132		539 990 870
Equity 31.12.	57 169	542 170 113	9 098 130	-35 648 245	515 677 167

Hydrogenpro Group:

Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity 01.01.	31 406	9 843 138	1 459 998	-26 870 981	-15 536 439
Profit for the year				-15 967 234	-15 967 234
Correction*				7 183 720	7 183 720
Other changes**				6 250	6 250
Capital increase	25 763	532 326 975	7 638 132		539 990 870
Equity 31.12.	57 169	542 170 113	9 098 130	-35 648 245	515 677 167

*Correction of error from previous year due too: The provision for losses has not been adjusted downwards as costs have been booked. This item has therefore accumulated incorrectly, but are now corrected.

** Loss carried forward for the year of subsidiary is excluded from consolidation. Lack of consolidation does not affect the assessment of the group's position and result.

Note 7 Share capital and shareholder information

The share capital of NOK 57 169 consist of 57 169 312 shares with nominal value of NOK 0,001 each.
All shares are equal.

List of (20) major shareholders at 31.12.		Number of shares	Ownership
Richard Espeseth	Board member	11 366 481	19,9 %
TM Holding AS	Board member	9 585 182	16,8 %
Mitsubishi heavy Industries Ltd		5 381 165	9,4 %
Vivian Espeseth		3 173 571	5,6 %
Verdipapirfondet Norge Selektiv		1 733 794	3,0 %
Folketrygdfondet		1 665 000	2,9 %
Eneren Invest AS	partly owned by CEO	1 506 966	2,6 %
Barclays Capital Securities LTD.		1 500 000	2,6 %
Verdipapirfondet DNB SMB		1 415 059	2,5 %
Clearstream Banking S.A.		1 392 789	2,4 %
Tor Danielsen		1 373 571	2,4 %
Jan Fredrik Garvik		1 337 411	2,3 %
Erste Group Bank AG		1 250 000	2,2 %
Klaveness Marine Finance AS		1 200 801	2,1 %
State Street Bank and Trust Comp		960 500	1,7 %
DZ Private Bank S.A.		641 759	1,1 %
Verdipapirfondet Pareto Investment		638 000	1,1 %
JP Morgan Chase Bank, N.A., London		600 000	1,0 %
SEB Prime Solutions Sissener Canop		600 000	1,0 %
Verdipapirfondet DNB Miljøinvest		564 797	1,0 %
Sum largest shareholders		47 886 846	83,8 %
Sum other shareholders		9 282 466	16,2 %
Total number of shares		57 169 312	100 %

Note 8 Taxes

Hydrogenpro AS			Hydrogenpro Group	
2020	2019	This year's tax expense	2020	2019
Entered tax on ordinary profit/loss:				
0	0	Payable tax	0	0
7 726 572	-3 748 614	Changes in deferred tax advantage	7 726 572	0
7 726 572	-3 748 614	Tax expense on ordinary profit/loss	7 726 572	0
Taxable income:				
-8 234 412	-16 619 762	Ordinary result before tax	-8 234 412	0
-25 332 291	-419 393	Permanent differences	-25 332 291	0
-11 346 283	6 387 712	Changes in temporary differences	-11 346 283	0
0	0	Use of loss carried forward	0	0
-44 912 985	-10 651 443	Taxable income	-44 912 985	0
Payable tax in the balance:				
0	-441 308	Payable tax on this year's result	0	0
0	-441 308	Total payable tax in the balance	0	0
Calculation of effective tax rate:				
-8 234 412	-16 619 762	Profit before tax	-8 234 412	0
7 726 572	-3 748 614	Calculated tax on profit before tax	7 726 572	0
-5 573 104	-92 266	Tax effect of permanent differences	-5 573 104	0
0	0	Effect of change in tax rate	0	0
0	0	Change in accounting principles regarding deferred tax	0	0
0	0	Deferred tax asset, not posted in the balance sheet	0	0
2 153 468	-3 840 880	Total	2 153 468	0
-	-	Effective tax rate	-	-

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

Hydrogenpro AS			Hydrogenpro Group	
2020	2019		2020	2019
619 041	73 119	Tangible assets	619 041	0
0	-1 427 535	Receivables and borrowings in foreign currency	0	0
5 743 672	5 107 767	Production contracts	5 743 672	0
-262 000	-8 998 921	Allocations and more	-262 000	0
0	0	Differences due to consolidation	46 852 005	0
6 100 713	-5 245 570	Total	52 952 718	0
-74 788 198	-29 875 213	Accumulated loss to be brought forward	-74 788 198	0
68 687 486	0	Not included in the deferred tax calculation	68 687 486	0
0	-35 120 784	Basis for calculation of deferred tax	46 852 005	0
0	7 726 572	Deferred tax asset (22% / 22%)	0	0
0	0	Deferred tax (22% / 22%)	10 307 441	0
-	-	Effect of change in tax rate	-	-

Accounting for deferred tax asset is awaited until the company has proven operations of taxable profit.

Note 9 Payroll expenses, number of employees, remunerations, loans to employees, etc.

Hydrogenpro AS			Hydrogenpro Group	
2020	2019	Payroll expenses	2020	2019
9 051 331	5 931 858	Salaries/wages	9 051 331	0
1 339 843	1 194 374	Social security fees	1 339 843	0
556 715	506 633	Pension expenses	556 715	0
39 780	73 102	Other remuneration	39 780	0
10 987 668	7 705 967	Total	10 987 668	0

The number of employees in the accounting period has been 10.

Hydrogenpro AS			Hydrogenpro Group	
CEO*	Board	Remuneration to executives	CEO*	Board
2 820 000	171 150	Salaries/board fee	2 820 000	171 150
70 000	0	Pension expenses	70 000	0
156 130	0	Other benefits	156 130	0
3 046 130	171 150	Total	3 046 130	171 150

*The figures combine both CEOs for 2020. The current CEO came in at the end of August 2020.

The CEO has a bonus agreement which is based on achievement of certain predefined KPIs entitles to a bonus of up to 50% of salary compensation. This is included in salaries.

No loans/sureties have been granted to the CEO, Board chairman or other related parties.

Mandatory Occupational Pensions

The company is obliged to have a service pension scheme pursuant to the Act on Mandatory Occupational Pensions.

The company's pension schemes satisfy the requirements of this Act.

Specification of recognized auditors fee:

Hydrogenpro AS			Hydrogenpro Group	
2020	2019	Expensed audit fee	2020	2019
303 613	113 476	Statutory audit	303 613	0
216 438	264 990	Other assistance	216 438	0
520 051	378 466	Total audit fees	520 051	0

Statutory audit includes technical assistance with financial statements

Auditors fee are exclusive VAT

Note 10 Finance income and expenses

Hydrogenpro AS			Hydrogenpro Group	
2020	2019	Finance income	2020	2019
449 068	9 994	Other interest income	449 068	0
6 192	6 056	Other financial income	6 192	0
1 449 742	1 089 548	Foreign exchange gains (agio)	1 449 742	0
1 905 002	1 105 598	Total finance income	1 905 002	0

Hydrogenpro AS			Hydrogenpro Group	
2020	2019	Finance expenses	2020	2019
491 562	1 862 438	Other interest expenses	491 562	0
242 708	0	Other financial expenses	242 708	0
3 450 832	1 256 215	Foreign exchange losses (disagio)	3 450 832	0
4 185 102	3 118 653	Total finance expenses	4 185 102	0

Note 11 Convertible loans and bond loans

All convertible loans has been repaid or converted during Q4 2020.

Note 12 Stock options

The fair value of the options granted in the period has been calculated by using the Black-Scholes option pricing model and a deemed option price where relevant. The fair value has been calculated to NOK 10 676 838 per 31.12.

The basis for the valuation model consists of several factors which affects the calculated fair value of granted options. The assumptions used in the calculation are:

Price at grant date	7
Exercise price	7
Option life	4 years
Risk-free interest rate	1.17 %
Volatility	58 %

Options to leading employees

During the period, member of the board, employees and others have been granted 2.249.000 new stock options. Total options awarded per 31.12.2020 is 3.740.000. Below is an overview of the Group Management and Board Members' share options:

	Opening balance	Granted options	Forfeited options	Exercised options	Ending balance
Walter Hafslø Qvam, Chair of the Board		314 000			314 000
TM Holding AS, Board member	163 005				163 005
Ellen Merete Hanetho, Board member	216 000				216 000
Other employees	275 000				275 000
Other	936 995	1 935 000	100 000		2 771 995
	1 591 000	2 249 000	100 000	-	3 740 000

(A) - average exercise price for options exercised during the year

Granted options are generally vested or earned during a period of three years according to a predetermined schedule. Options vested or earned can be exercised at any time and must be exercised latest four years after award. The vesting requires continued employment or association with the company.

Note 13 Shares in subsidiaries

Parent company subsidiaries

Company	Location	Stake	Book value 31.12.2020
Advanced Surface Plating ApS	Aarhus (Denmark)	100 %	36 483 706
HydrogenPro France SAS*	Lille (France)	100 %	50 000
Total			36 533 706

*The company is excluded from the consolidation as this is a company without significant assets or operating assets that provides services to the group that would have been consolidated away. Lack of consolidation does not affect the assessment of the group's position and result.

Note 14 **Consideration loan notes**

HydrogenPro entered into a share purchase agreement with the initial shareholders of Advanced Surface Plating ApS on 20th of Desember 2020. As the payment was first settled through a share capital increase approved by the extraordinary general meeting on January 8th 2021, the claims at year end, was classified as other short term liabilities.

Independent Auditor's Report

To the General Meeting in HydrogenPro AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HydrogenPro AS.

<p>The financial statements comprise:</p> <ul style="list-style-type: none">• The financial statements of the parent company, which comprise the balance sheet as at 31 December 2020, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and• The financial statements of the group, which comprise the balance sheet as at 31 December 2020, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	<p>In our opinion:</p> <ul style="list-style-type: none">• The financial statements are prepared in accordance with the law and regulations.• The accompanying financial statements give a true and fair view of the financial position of HydrogenPro AS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.• The accompanying financial statements give a true and fair view of the financial position of the group HydrogenPro AS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
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Pennneo Dokumentnr: MSX2-U-XUFQU-UED-75-7LBZ7-50/MO/E/DU/E/D

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisionsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.



Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

BDO AS

Espen Åsulfsen
State Authorised Public Accountant
(This document is signed electronically)

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Espen Åsulfsen

Partner

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