

An aerial photograph of a river with white water rapids, showing turbulent, frothy water cascading over dark, rocky terrain. The water is a mix of deep teal and bright white foam.

# Hydrogen pro

**Q3 2021 presentation**

**Elling Nygaard, CEO**

**Martin Thanem Holtet, CFO**

**22<sup>nd</sup> of November 2021**



# Disclaimer

The following applies to this document, the oral presentation of the information in this document, and any question-and-answer session that follows the oral presentation (collectively, the “Information”). By receiving and/or attending a meeting where this presentation is made and in accessing the Information, you agree to be bound by the terms and conditions and limitations set out herein. This presentation (the “Company Presentation”) has been prepared by HydrogenPro AS (the “Company”).

The Company Presentation is strictly confidential and may not be reproduced, redistributed, published or passed on to any other person, directly or indirectly, in whole or in part. If this document has been received in error, it must be returned immediately to the Company.

The Company Presentation and any information provided is only preliminary and indicative and does not purport to contain the information that would be required to evaluate the Company. The Company Presentation and the Information does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Company.

The Company Presentation have been prepared for the exclusive use of persons attending an oral briefing and meeting to which these materials relate given by a representative of the Company and/or persons to whom these materials have been provided directly by an authorized representative of the Company. Further, the materials are strictly confidential and by reviewing it, you acknowledge its confidential nature and agree to the terms of this notice. The materials may not be copied, distributed, reproduced, published or passed on, directly or indirectly, in whole or in part, or disclosed by any recipient, to any other person (whether within or outside such person's organization or firm) by any medium or in any form for any purpose.

**No liability:** The Company Presentation has been prepared by the Company. The Company does not accept any responsibility whatsoever, or make any representation or warranty, express or implied, for the contents of the Company Presentation, including its accuracy, completeness or verification or for any other statement made or purported to be made in connection therewith the Company. The information in this Company Presentation and any other material discussed is subject to change.

Any forward-looking statements contained in this Company Presentation, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts and are subject to risks, uncertainties and other factors that may cause actual results and events to be materially different from those expected or implied by the forward-looking statements. The Company does not provide any assurance that the assumptions underlying such statements are free from errors nor accept any responsibility for the future accuracy of opinions expressed herein or as part of the Information, or the actual occurrence of forecasted developments.

Except where otherwise expressly indicated, this Company Presentation speaks as of the date set out on its cover. The delivery of this Company Presentation shall, under no circumstances, be construed to indicate or imply that there has been no change in the affairs of the Company since the date hereof. The Company does not assume any obligation to update or revise the Company Presentation or the Information.

The Company Presentation is subject to Norwegian law, and any dispute arising in respect of thereof is subject to the exclusive jurisdiction of Norwegian courts with Oslo District Court as first venue.

# Agenda

I. Q3 2021 highlights

II. Market outlook

III. Our offerings

IV. Business update

V. Finance

VI. Summary

# Q3 2021 highlights

## BUSINESS UPDATE

- Acquired 75% of fabrication company THM including IP rights and 300MW production capacity
- Continuing preparation for international fabrication – securing production capacity and supply chain
- Fabrication plant for next-generation advanced electrode technology in Denmark completed – full-scale test ongoing
- Developing two sites with Mitsubishi for design verification of larger scale H2 production plants

## SALES

- Prospect pipeline from 6.9GW to 8.2GW
- Key contract opportunities closer to FID and contract award
- Global commitments on energy transition accelerating

## ORGANIZATIONAL DEVELOPMENTS

- New CEO and CCO onboarded
- Strengthening of board with three new members
- ISO certification process ongoing with planned completion Q4 2021

## FINANCE

REVENUES

NOK 8.2m

ADJ. EBITDA

NOK -4.9m

INVESTMENTS

NOK 8.1m

CASH POSITION

NOK 443.4m



# Agenda

I. Q3 2021 highlights

II. Market outlook

III. Our offerings

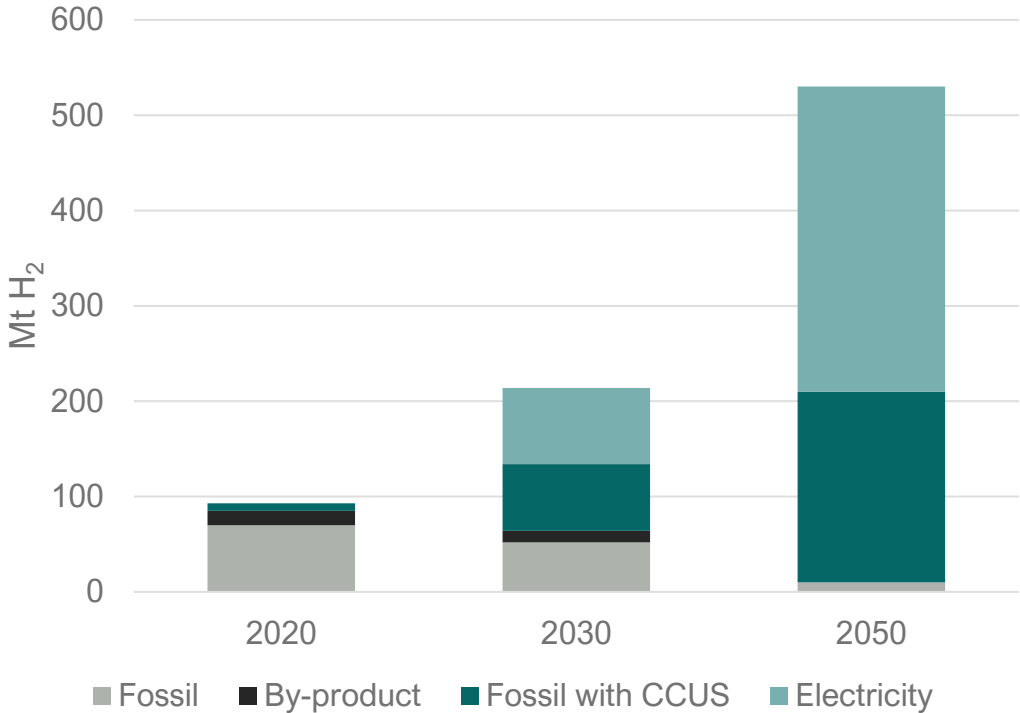
IV. Business update

V. Finance

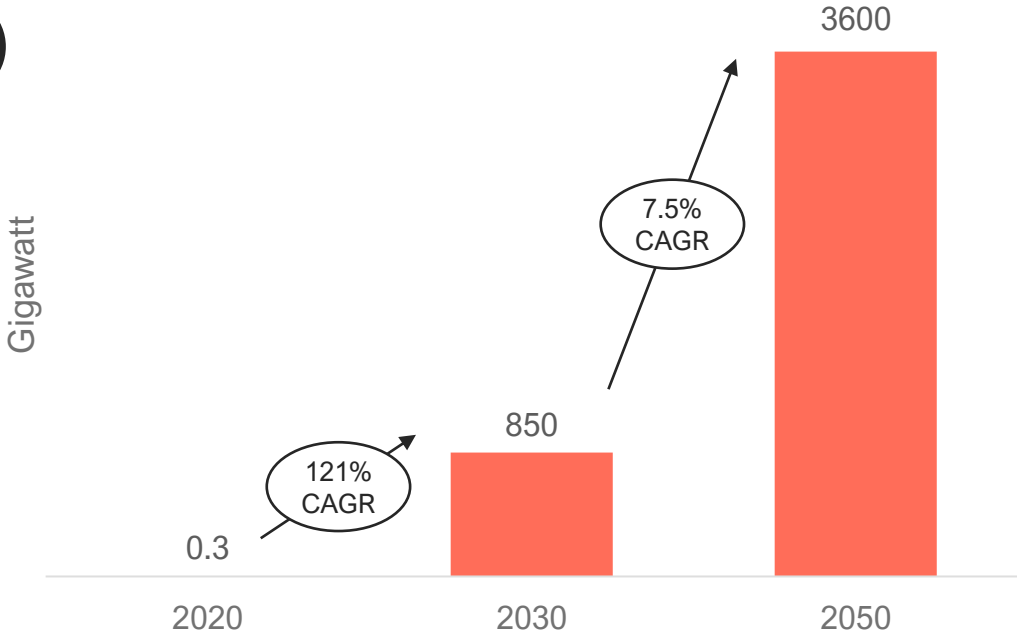
VI. Summary

# Significant growth required to meet green H<sub>2</sub> demand in IEA 2050 Net Zero Emission Scenario

Source of global hydrogen production<sup>1</sup>



Required electrolyser capacity<sup>1</sup>



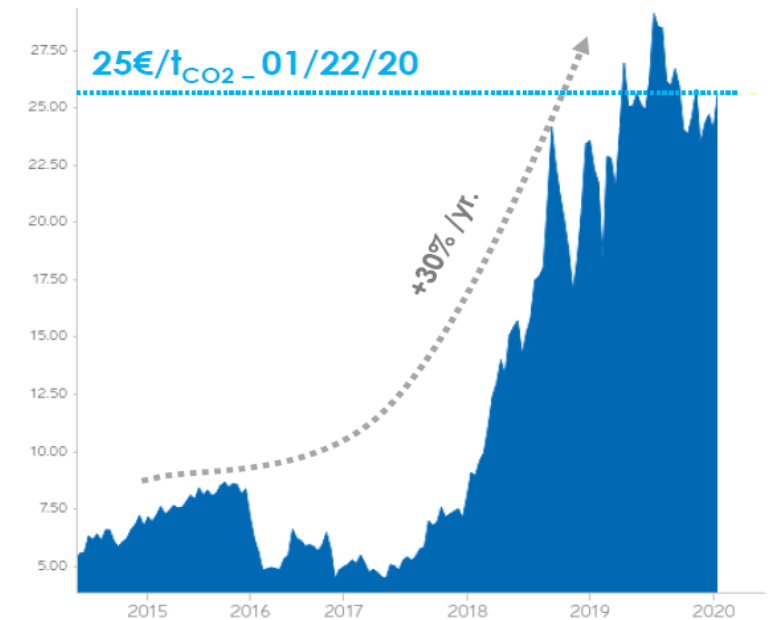
Global roll-out and scaling plans for manufacturing capacity crucial in short-to-medium term

1) Source: IEA report "Global Hydrogen Review 2021"

# Strong public support commitments globally

- Annual quota cuts of almost 50 million tons CO<sub>2</sub> equivalents after 2020
  - Almost 90% reduction from 2013 to 2050
- Hydrogen Council members plan to invest more than USD 11.1 billion to commercialize hydrogen
  - Governmental co-funding essential to materialize projects
- 5th November: U.S. House of Representatives passed USD 1.2 trillion infrastructure bill
  - Allocates USD 8 billion to create four “clean hydrogen hubs” to test new applications
- 9th November: 28 companies pledge to accelerate use of decarbonized hydrogen at COP26
  - 1.6 million tons per year of lower-carbon intensity hydrogen
- Reducing CO<sub>2</sub> emissions by more than 14 million tons a year

## CO2 taxes<sup>1</sup>



Project triggers are CO<sub>2</sub> taxes, quota reductions and funding

1) Source: EU Commission Hydrogen Strategy 2020



# Agenda

I. Q3 2021 highlights

II. Market outlook

III. Our offerings

IV. Business update

V. Finance

VI. Summary



# HydrogenPro to become #1 large-scale provider of green hydrogen production plants

## TECHNOLOGY LEADER

- ✓ Global IP rights for core technologies
- ✓ Owner of next-generation advanced electrode technology, ready for market in 2022
- ✓ HydrogenPro's efficiency advantage is a game changer, reducing levelized cost of hydrogen significantly

## STRATEGIC PARTNERSHIPS

- ✓ Strategic partnership to scale up fast and take a leading position in high-growth markets.
- ✓ Combine key competencies of each party

## GLOBAL FABRICATION STRATEGY

- ✓ China manufacturing 300MW production capacity
- ✓ Production hubs in Asia, Europe and the US to maintain cost leadership and ensure high local activity in end-markets

## HIGHLY SCALABLE PRODUCT OFFERING

- ✓ Large-scale solutions for a wide range of end-users in all segments and continents
- ✓ Easily scalable to meet end-user criteria
- ✓ Productivity improvements, cost reductions in design & standardization

## LIFE CYCLE PARTNER

- ✓ Technology and innovation - Design and engineering - System integration - Commissioning - Maintenance and operation support



# Major milestone in global technology and manufacturing strategy

- ✓ 75% owned by HydrogenPro
- ✓ Total investment NOK48m
- ✓ Full control over IP and core technology
- ✓ 300MW production capacity by Q2/22
- ✓ 34 employees
- ✓ Located in Tianjin, China

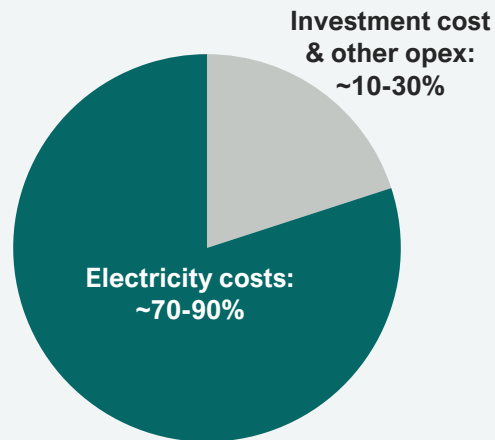




# HydrogenPro's technology reduces cost of hydrogen significantly

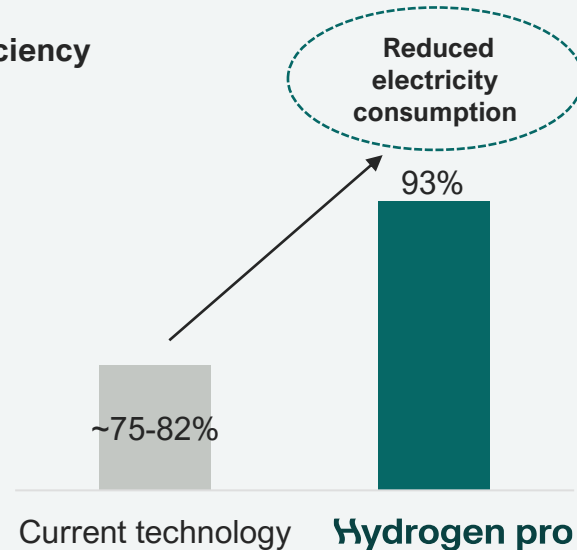
Electricity is by far the largest cost

Levelized cost of hydrogen ("LCOH")<sup>1</sup>



Higher efficiency  
→ lower electricity consumption

Efficiency

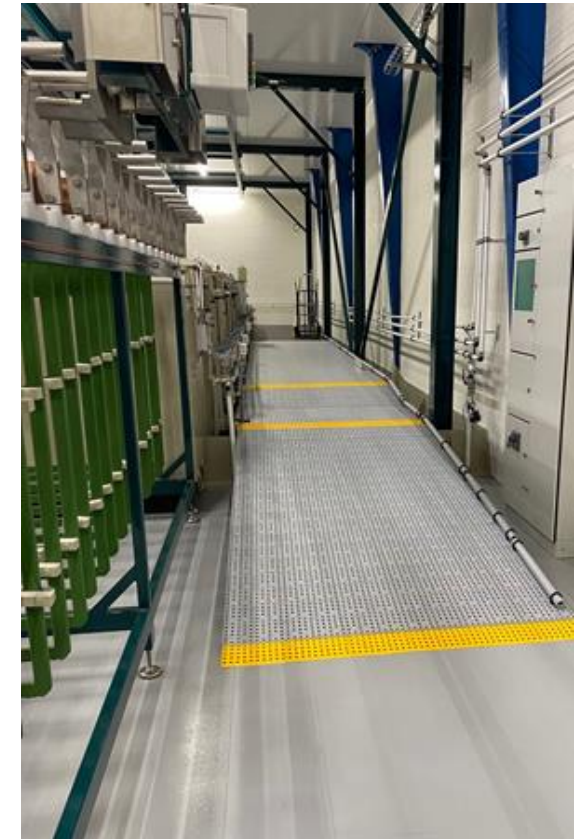


Hydrogen at \$1.2/kg<sup>2</sup>

- 75% less cooling water needed
- Scale and automation will gradually drive down capex and further reduce production costs
- Designed for renewable energy sources in production
- No use of noble metals

Ready for market in 2022

# Electrode production facility located in Aarhus, Denmark

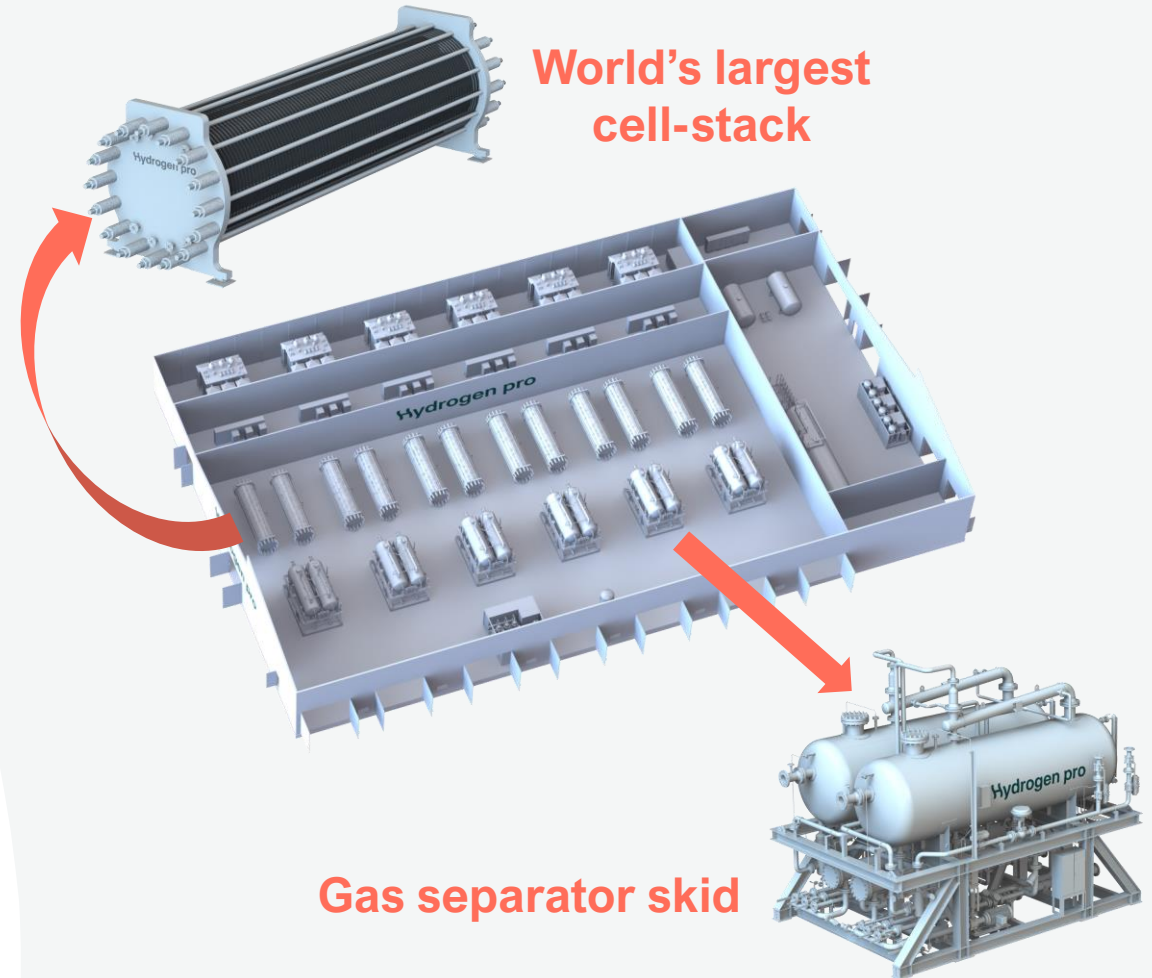




# Technology advantages

- High pressure alkaline technology
- Plant efficiency
  - Compact size due to pressure and cell-stack size
- Capex efficiency
  - Large scale
  - Design limits of components
  - Modular and standardized
  - Easily scalable with customer requirements
- Opex efficiency
  - Advanced electrode technology
  - Reduced need of cooling water
- Operation window well suited for renewable energy production
- No use of noble metals or polyfluorinated alkyl substances (PFAS)

## Large-scale modular hydrogen plant



# Agenda

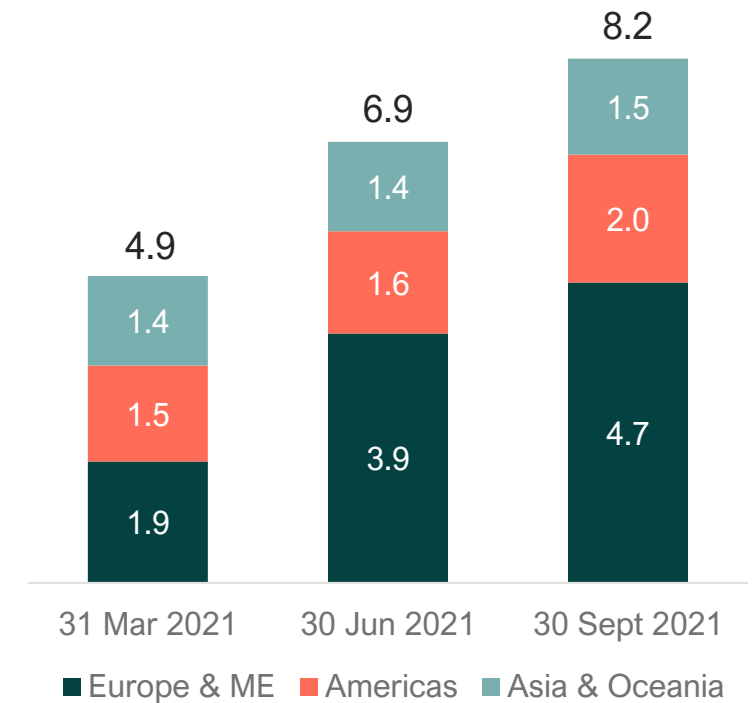
- I. Q3 2021 highlights
- II. Market outlook
- III. Our offerings
- IV. Business update**
- V. Finance
- VI. Summary



# Significant increase in active sales pipeline with several investment decisions expected late 2021/2022

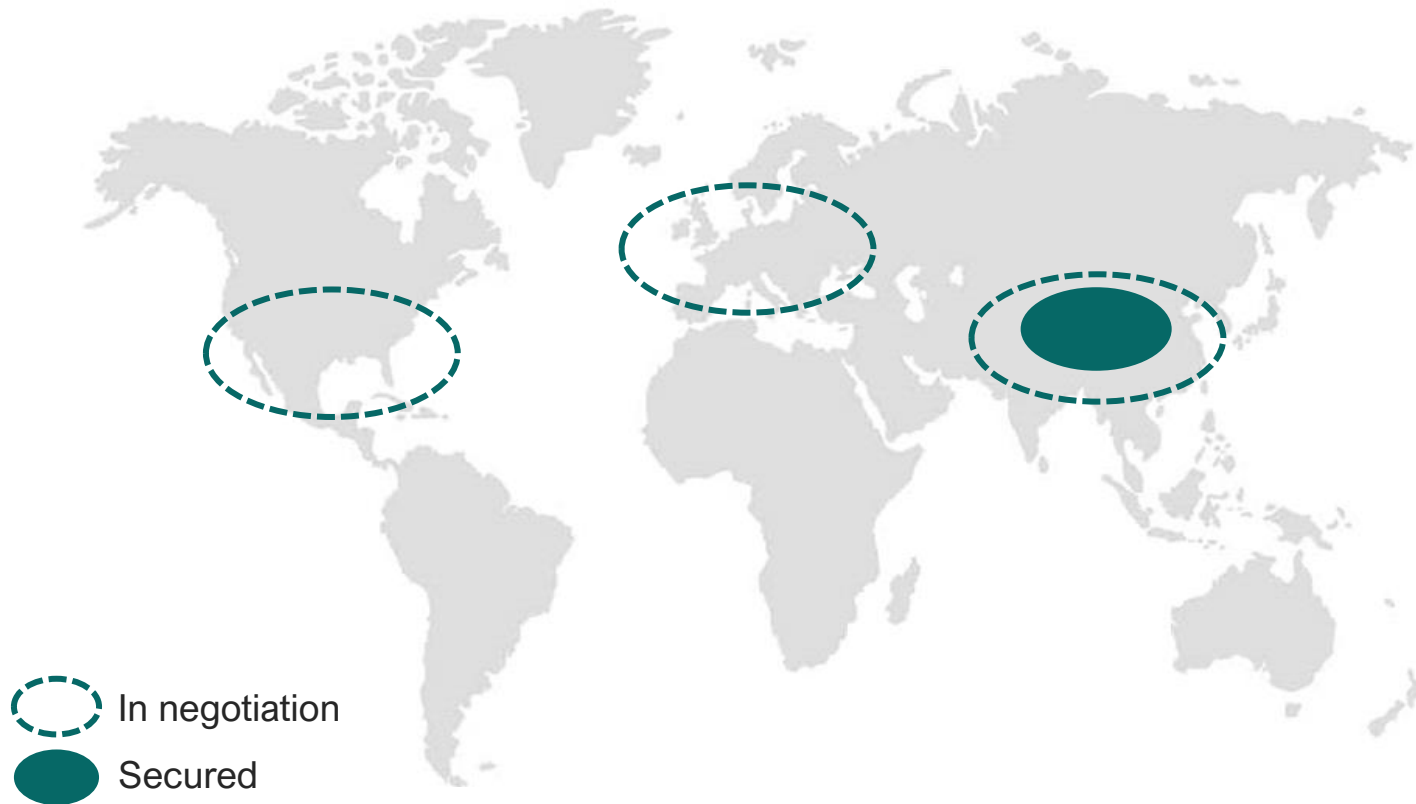
- 66 active projects in pipeline<sup>1</sup> vs. 55 as of end Q2
- Average size per project: 124MW
- Main end users: ammonia, metal, refineries, power to gas and several other industrial applications
- Several project leads and interest from large industrial players in addition to active sales pipeline
- High market activity continues in Q4
- Final investment decision (FID) on larger projects expected late 2021/2022

**Active sales pipeline**  
GW electrolyser capacity



1) H2V projects, DG Fuels and Mitsubishi in US are additional projects and are not included in the sales pipeline

# Global fabrication set-up to maintain cost leadership and ensure local presence



- Preparing for three main production hubs located in Europe, US and APAC
- Dynamic, flexible and asset light supply chain
  - Reduces upfront cost related to establishing own fabrication sites
- Partner with world-class fabrication & construction partners
  - Jointly develop supply chain aligned with market demand

**First milestone: >1GW global production capacity**



# Agenda

- I. Q3 2021 highlights
- II. Market outlook
- III. Our offerings
- IV. Business update
- V. Finance
- VI. Summary

# DG Fuels: electrolyser capacity of 839MW

- HydrogenPro joined Black & Veatch and Energy Vault, Inc. in financing all cash requirements for basic engineering/FEL-2
- Convertible loan of USD 3 million
- Electrolyser capacity up to 839MW, HydrogenPro exclusive provider
- Firm commitments and non-binding letters of intent for offtake agreements for material portion of expected production
- DG Fuels to raise additional equity and debt to fund the construction and the complete delivery
- DG Fuels aims to develop several facilities in North America and Europe to produce low-carbon sustainable aviation fuel by combining carbon from waste feedstock with green hydrogen from renewable sources





# Q3 2021 financials

(NOKm)

<b>INCOME STATEMENT</b>	<b>Q3 2021</b>	<b>Q2 2021</b>	<b>YTD 2021</b>
Revenue, incl. other operating income	8.2	0.1	9.0
Raw materials and consumables used	6.5	0.1	7.3
Payroll expenses	3.1	2.0	6.8
Other operating expenses	3.6	3.3	10.5
<b>Adj. EBITDA (excl. non-cash operating expenses)</b>	<b>-4.9</b>	<b>-5.3</b>	<b>-15.6</b>
Non-cash payroll expenses	3.5	5.3	11.5
Non-cash other operating expenses	2.2	1.4	3.6
<b>EBITDA</b>	<b>-10.6</b>	<b>-12.0</b>	<b>-30.7</b>
Depreciation and amortisation expenses	1.3	1.3	4.0
<b>EBIT</b>	<b>-12.0</b>	<b>-13.3</b>	<b>-34.8</b>
Net financial items	0.4	0.0	0.3
<b>Result before tax</b>	<b>-11.6</b>	<b>-13.3</b>	<b>-34.4</b>
Tax expense	-0.2	-0.2	-0.7
<b>Net profit</b>	<b>-11.4</b>	<b>-13.1</b>	<b>-33.8</b>
<b>CHANGE IN CASH BALANCE</b>	<b>Q3 2021</b>	<b>Q2 2021</b>	<b>YTD 2021</b>
<b>Cash balance start of period</b>	<b>471.2</b>	<b>489.5</b>	<b>506.1</b>
Adj. EBITDA (excl. non-cash operating expenses)	-4.9	-5.3	-15.6
Investments	-8.1	-20.3	-31.1
Changes in NWC/tax/other	-14.8	7.3	-16.0
<b>Total changes in cash</b>	<b>-27.8</b>	<b>-18.3</b>	<b>-62.8</b>
<b>Cash balance end of period</b>	<b>443.4</b>	<b>471.2</b>	<b>443.4</b>

- Adj. EBITDA<sup>1</sup> of NOK -4.9m, reported EBITDA of NOK -10.6m and a net loss of NOK11.4m in Q3 2021
- Revenues recognized in accordance with “percent of completion” principle
- Investments of NOK 8.1m during the quarter, incl:
  - Next generation electrodes (NOK 3.3m)
  - Test and technology center at Herøya (NOK 2.6m)
  - Production capacity (NOK 1.7m)
  - Other (NOK 0.5m)
- Changes in net working capital mainly related to accounts receivables from Mitsubishi purchase order
- 2690 shareholders as of 30 September 2021 compared to ~225 at time of IPO in October 2020

1) Adjusted EBITDA excludes special items, e.g. non-cash impact of incentive program

# Robust financial position with clearly defined growth path

(NOKm)

BALANCE SHEET	Q3 2021	Q2 2021	FY 2020
<b>ASSETS</b>			
Total intangible assets	61.3	59.5	55.3
Plant, machinery and equipment	16.6	11.6	2.8
Investments in subsidiaries, shares, other securities	0.1	0.1	0.1
<b>Total fixed assets</b>	<b>85.2</b>	<b>78.4</b>	<b>58.1</b>
Current operating assets	14.9	3.9	5.7
Cash and cash equivalents	443.4	471.2	506.1
<b>Total current assets</b>	<b>458.2</b>	<b>475.1</b>	<b>511.8</b>
<b>Total assets</b>	<b>543.4</b>	<b>553.5</b>	<b>570.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>528.0</b>	<b>533.6</b>	<b>515.7</b>
Provisions	9.7	9.8	10.3
Total short term liabilities	5.7	10.0	44.0
<b>Total liabilities</b>	<b>15.4</b>	<b>19.8</b>	<b>54.3</b>
<b>Total equity and liabilities</b>	<b>543.4</b>	<b>553.5</b>	<b>570.0</b>

- Cash balance of NOK 443.4m as of 30th September 2021
- Book equity ratio of 97.2% with no interest-bearing debt

Partnership strategy to fast-track build-up of global presence and market awareness...



...combined with a **focused capital deployment plan:**

Supply chain / fabrication

R&D and innovation: technology front-runner

Scale-up of the organization

Working capital on large-scale projects



# Agenda

- I. Q3 2021 highlights
- II. Market outlook
- III. Our offerings
- IV. Business update
- V. Finance
- VI. Summary



# HydrogenPro is attractively positioned in fast-growing market

- ✓ **Technology leadership: Owner of the electrolyser technology and next-generation advanced electrodes**
- ✓ **Partnership strategy to fast-track global upscaling**
- ✓ **Global fabrication strategy**
- ✓ **Growing momentum in projects and sales pipeline**
- ✓ **Ongoing build-up of international organization**
- ✓ **Strong public support commitments globally**





# Hydrogen pro

[www.hydrogen-pro.com](http://www.hydrogen-pro.com)