



Hydrogen pro

# Quarterly Report

Q2 2022

HydrogenPro AS

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# HydrogenPro

## About

### Technology Leader



### Global Footprint



### Scalability



### Life Cycle Partner



HydrogenPro designs and supplies large scale hydrogen production plants in cooperation with global partners and suppliers. Our core product is the alkaline high-pressure electrolyser.

The company was founded in 2013 by individuals with background from the electrolysis industry. We are an experienced engineering team of leading industry experts, drawing upon unparalleled experience and expertise in the hydrogen and renewable energy industry.

Our advanced electrode technology enables us to increase the efficiency of each unit by 14%, hence reducing electricity cost with 14%. This is a significant step forward as the cost of electric power, depending on market prices, amounts to 70-90% of the total cost of producing hydrogen, the value of such increased efficiency equals approximately the investment cost for the entire plant in a Total Cost of Operation perspective.

Unlike traditional alkaline systems, our high-pressure units (up to 30 bar) save compression costs and are superbly suited for variable loads from solar panels and wind turbines. Thus, we compare favourably to alternative technologies. We are able to produce hydrogen at a lower cost, without using noble or scarce metals, while using renewable energy sources.

The demand for green hydrogen is accelerating all over the world, and we are aiming to become the #1 large-scale hydrogen production systems player. While most analysts predict that the cost of hydrogen will be reduced to USD 1.5/kg in 2030, HydrogenPro can deliver hydrogen at about 1.2 USD/kg already in 2022 with the new technology (at an electricity cost of USD 20/MWh).

## Q2 Highlights

- Mitsubishi Power Americas confirms purchase order for 40 electrolyser systems plus a 10-year service and support agreement
- HydrogenPro received purchase order for a large electrolyser for Takasago Hydrogen Park in Japan from Mitsubishi Heavy industries
- Order intake of NOK 773 million
- Backlog of NOK 794 million
- HydrogenPro Tianjin received business license in June 2022
- Funding granted for several new R&D projects in both Denmark and Norway

## Subsequent events

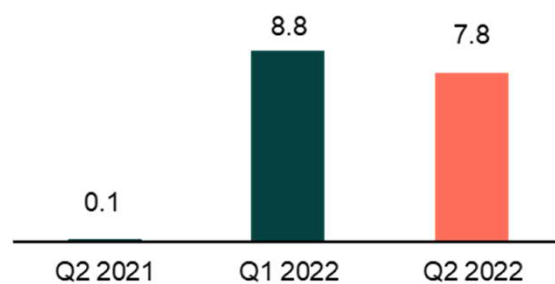
- Applied for admission to trading on Oslo Stock Exchange

# Highlights

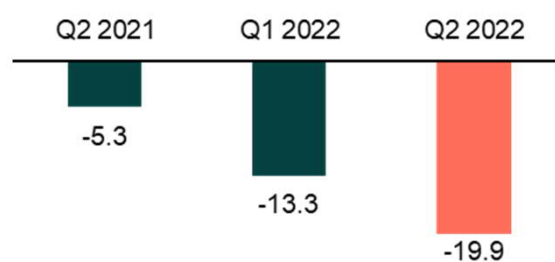
## Financials

### Hydrogen pro

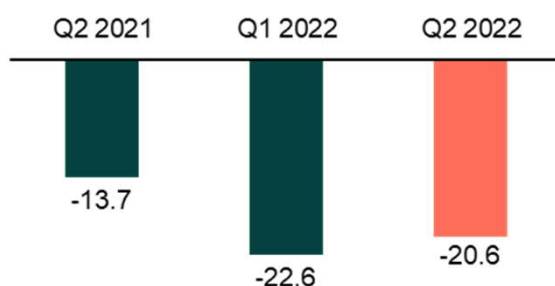
Revenue  
MNOK



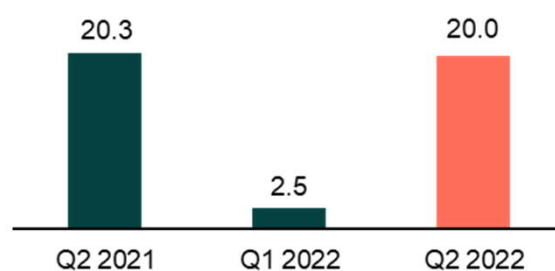
Adj. EBITDA  
MNOK



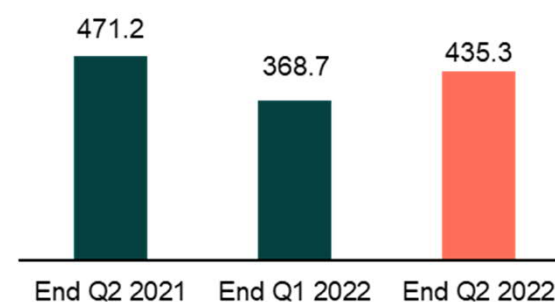
Net profit  
MNOK



Net investments  
MNOK



Cash and cash equivalents  
MNOK



# Q2 2022 Summary

## Developments during the quarter

### Market development

The Company's active sales pipeline increased from 97 to 109 projects, with the total capacity going from 12.7 GW to 15.4 GW during the second quarter. There is solid progress on the DG Fuels project in Louisiana (~840 MW electrolyser capacity) with final investment decision estimated in first quarter 2023.

Recent Governmental commitments, incl. the Inflation Reduction Act in the US and RePowerEU in Europe are expected to be a catalyst for final investments decisions to be made by project owners.

The Company is involved with several FEED and Engineering studies for leading companies within the energy sector as well as other industrial areas. These contracts are a part of the final evaluation and selection process for new projects, hence imperative when positioning the Company for new contracts. In general, there is a vast number of projects announced under development for decarbonization of refinery operations as well as for Power to X (in connection with Wind and PV power sources) and Ammonia projects. In a bit longer perspective, it is expected that demand for green hydrogen will further develop for fuel production and steel.

### Funding granted for several new R&D projects

Funding granted, ranging from 0.27 million EUR to 3.87 million EUR, aiming to improve our market-leading technologies.

### Successful initial verification of electrode technology

The factory for production of HydrogenPro's advanced electrode technology in Aarhus, Denmark is completed. Lab tests proved a 14% increase in efficiency compared to conventional electrodes.

The initial electrolyser tests at our technology centre show efficiency in line with simulated results of 14%, and long-term verification tests are ongoing.

### Organizational changes

On 22<sup>nd</sup> of June 2022 HydrogenPro announced the resignation of Eling Nygaard from his position as CEO. The board appointed Richard Espeseth as interim CEO with immediate effect.

### Annual General Meeting

The Annual General Meeting was held on 12<sup>th</sup> of May 2022.

A total of 34 077 066 shares, representing approx. 58.73% of the share capital was represented at the Annual General Meeting. All proposed resolutions were resolved, incl. election of Donna Rennemo to the Board, and re-election of the present Board for two years following the Annual General Meeting.

The Board in HydrogenPro AS now comprises the following persons:

Ellen M. Hanetho (Chair of the Board), Richard Espeseth, Jarle Tautra, Kermit Jeffrey Nash, Jarle Dragvik and Donna Rennemo.

# Q2 2022 Summary

## Developments during the quarter

### **Mitsubishi Power Americas, Inc. confirms purchase order for 40 electrolyser systems**

On 4<sup>th</sup> of April 2022 HydrogenPro announced that the Company has signed a purchase order for the delivery of 40 electrolysers to Mitsubishi Power Americas, Inc. making it one of the largest electrolyser system contracts ever placed. The initial value of the purchase order exceeds USD 50 million for HydrogenPro's scope of delivery. The EPC and other system deliverables for a turn-key electrolyser green hydrogen production plant will be supplied by other companies. The green hydrogen will be consumed for power generation in the U.S.

### **Mitsubishi Heavy Industries, Ltd confirms purchase order for a large electrolyser.**

On 19<sup>th</sup> April 2022 HydrogenPro announced that the Company has received a purchase order for a large electrolyser for Takasago Hydrogen Park in Japan.

The initial value of the contract exceeds 3 million USD for HydrogenPro's scope of delivery. The engineering, procurement, and construction (EPC) and other system deliverables for a full turn-key electrolyser hydrogen production plant will be supplied by third parties. The plant is planned to be operational by mid-2023. It is similar to the verification plant ongoing at Herøya Industripark but customized to meet Japanese regulations.

### **Completed fabrication of world's largest electrolyser cell stack**

Covid-19 infection control measures in China in early 2022 led to a lock down of the fabrication facility which has caused a delay in the delivery of the world's largest electrolyser system, a purchase order announced on 24<sup>th</sup> of August 2021. The entire system is being shipped from China to Norway, where it will be installed and commissioned.

## Subsequent events

### **Inflation reduction act**

On 12<sup>th</sup> of August 2022 the US Congress passed the Inflation Reduction Act (IRA) to see an offering of tax credits for low carbon hydrogen production and hydrogen fuel cell-electric vehicles signed into law.

The Act enclosed a bill which would see producers of clean hydrogen up to \$3 per kg of tax credits, as well as making up to \$7,500 available for new hydrogen-electric vehicles.

### **Submission of application to Oslo Børs**

On 17<sup>th</sup> of August 2022 HydrogenPro submitted its application to trading on Oslo Børs by transfer of its current admission to trading on Euronext Growth operated by Oslo Børs. Subject to Oslo Børs' approval of the Company's admission application and satisfaction of any conditions for admission to trading set by Oslo Børs, the Company expects that the first day of trading of the Company's shares on Oslo Børs in first half of fourth quarter 2022.

# Q2 2022 Summary

## Outlook

The outlook for the Company's services continues to strengthen backed by an ever-increasing focus on the need for a green energy transition. 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. The signing of the two firm Purchase Orders during April 2022 are important milestones, and the Company expects to also see a strong demand for its 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 deliver a Levelized Cost of Hydrogen ("LCOH") at a cost of USD 1.20 USD per kg (assumed electricity price of 0.02 USD/kWh).

The recent public commitments in the EU and the US to accelerate the scale-up of green hydrogen are likely to have a significant positive impact for HydrogenPro going forward.



# Financials

## Income statement

N OK million	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Revenue, incl. other operating income	7.8	0.1	16.6	0.7	20.0
Raw materials and consumables used	8,1	0.1	11.4	0,8	11.6
Payroll expenses	8,9	2.0	17.8	3.7	17.9
Other operating expenses	10.7	4.1	20.7	8.7	27.2
<b>Adj. EBITDA (excl. non-cash operating expenses)</b>	<b>-19.9</b>	<b>-6.1</b>	<b>-33.2</b>	<b>-12.5</b>	<b>-36.7</b>
Non-cash cost of incentive programs/other non-cash accruals/provisions	5.8	6.7	10.7	9.4	18.6
<b>EBITDA</b>	<b>-25.7</b>	<b>-12.8</b>	<b>-44.0</b>	<b>-21.9</b>	<b>-55.2</b>
Depreciation and amortization expenses	2.8	1.1	5.3	2.2	5.2
<b>EBIT</b>	<b>-28.5</b>	<b>-13.9</b>	<b>-49.3</b>	<b>-24.1</b>	<b>-60.5</b>
Net financial items	7.9	0.0	7.0	-0,1	3.1
Result before tax	-20.6	-13.9	-42.3	-24.2	-57.4
Tax expense	-	0.2	1.0	-0.4	-1.0
<b>Net profit</b>	<b>-20.6</b>	<b>-13.7</b>	<b>-43.3</b>	<b>-23.8</b>	<b>-56.4</b>

HydrogenPro generated revenues of NOK 7.8 million during second quarter 2022 compared to NOK 0.1 million second quarter 2021 (NOK 8.8 million in first quarter 2022). Revenues are recognized according to the percentage of completion principle. Revenues in the quarter mainly relates to the delivery of the Purchase Order signed with Mitsubishi on 24<sup>th</sup> of August 2021, for the delivery of world's largest single stack high-pressure alkaline electrolyser system. The order backlog amounts to NOK 794 million as of 30<sup>th</sup> of June 2022 vs. NOK 25 million as of 31<sup>st</sup> of March 2022.

Adjusted EBITDA (excl. option-based compensation cost of NOK 4.9 million and other payroll expenses of NOK -0.6, which has a non-cash effect) of NOK -19.9 million during the second quarter 2022 and NOK -6.1 million during the second quarter 2021. (NOK -13,3 in first quarter 2022).

Reported EBITDA during the quarter was -25.7 million vs. NOK -12.8 million in second quarter 2021, (NOK -18.3 million first quarter 2022) with an operating loss of NOK 28.5 million vs. NOK 13.9 million in the second quarter 2021. (NOK -20.8 million in first quarter 2022).

Operating expenses: NOK 8.1 million in raw materials and consumables used vs NOK 0.1 million in second quarter 2021, (NOK 3.3 million first quarter 2022) NOK 14.4 million in total (incl. non-cash impact) reported payroll expenses vs NOK 7.3 million in second quarter 2021 (NOK 13.3 million first quarter 2022) and NOK 11.0 million in other operating expenses vs NOK 5.2 million in second quarter 2021 (NOK 10.4 first quarter 2022) and NOK 2.8 million in depreciation & amortization expenses vs NOK 1.1 million in second quarter 2021. (NOK -2.5 million first quarter 2022).

# Financials

## Income statement

### Net financial items

NOK million	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Interest income	0.6	-	1.0	-	2.1
Net foreign exchange gain/ -expenses	7.4	-0,1	6.1	0,3	2.3
Other finance income/ -expenses	-0.1	0,1	-0.1	-0,4	-1.3
<b>Net financial items</b>	<b>7.9</b>	<b>-0,0</b>	<b>7.0</b>	<b>-0,1</b>	<b>3.1</b>

Net financial items in the second quarter amounted to NOK 7.9 million vs NOK -0.0 million in second quarter 2021 (NOK -0.9 million in first quarter 2022). The change is mainly due to an increase in foreign exchange gain.

Net profit (after tax) for the quarter ended at NOK - 20.6 million vs. a net profit of NOK - 13.7 million in second quarter 2021 (NOK -22.6 million first quarter 2022).

# Financials

## Balance sheet

NOK million	30.06.2022	31.03.2022	30.6.2021	31.12.2021
<b>Assets</b>				
Total intangible assets	67.7	47.3	46.6	49.0
Plant, machinery and equipment	47.5	22.6	11.6	22.6
Financial fixed assets	37.4	53.3	9.2	53.3
<b>Total fixed assets</b>	<b>152.6</b>	<b>123.9</b>	<b>67.4</b>	<b>124.9</b>
Current operating assets	15.0	13.9	3.9	20.9
Cash and cash equivalents	435.3	368.7	471.2	382.3
<b>Total current assets</b>	<b>450.2</b>	<b>382.6</b>	<b>475.1</b>	<b>403.2</b>
<b>Total Assets</b>	<b>602.8</b>	<b>506.4</b>	<b>542.4</b>	<b>528.1</b>
<b>Equity and liabilities</b>				
<b>Total equity</b>	<b>485.6</b>	<b>491.1</b>	<b>532.2</b>	<b>511.3</b>
Total long-terms liabilities	2.5	1.4	0.1	1.4
Total short-term liabilities	114.8	14.0	10.2	15.5
<b>Total liabilities</b>	<b>117.2</b>	<b>15.3</b>	<b>10.3</b>	<b>16.8</b>
<b>Total equity and liabilities</b>	<b>602.8</b>	<b>506.4</b>	<b>542.4</b>	<b>528.1</b>

Total assets as of 30<sup>th</sup> of June 2022 where NOK 602.8 million, whereof NOK 450.2 million in current assets (NOK 435.3 million in cash and deposits and NOK 15.0 million in other current assets). Total fixed asset amounted to NOK 152.6 million, whereof NOK 67.7 million in intangible assets, NOK 47.5 million in plant, machinery, and equipment and NOK 37.4 million in financial fixed assets.

Total equity were NOK 485.6 million and total liabilities of NOK 117.2 million, whereof 114.8 million in short-terms liabilities and NOK 2.5 million in long-term liabilities. The book equity ratio as of 30<sup>th</sup> of June 2022 was 80.6 % compared to 96.8% at 31<sup>st</sup> of December 2021.

# Financials

## Cash flow

NOK million	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Cash balance start of period	368.7	489.5	382.3	506.1	506.1
Net cash flow from operating activities	87.0	1.2	76.2	-14.0	-47.6
Net cash flow from investing activities	-20.0	-19.4	-22.5	-21.1	-78.1
Net cash flow from financing activities	-0.4	-0.0	-0.7	0.2	1.8
Total changes in cash	66.6	-18.3	53.0	-34.9	-123.9
Cash balance end of period	435.3	471.2	435.3	471.2	382.3

Net increase in cash position during the second quarter was NOK 66.6 million compared to a decrease of NOK 18.3 million in the second quarter 2021.

Net cash flow from operating activities was NOK 87.0 million compared to NOK 1.2 million in second quarter 2021.

During the second quarter net cash from investing activities was NOK -20.0 million vs NOK -19.4 million in second quarter 2021.

Net cash flow from financing activities was NOK -0.4 million compared to NOK 0.0 million in second quarter 2021.

# Financial statements

# Consolidated statement of comprehensive income

NOK '000	Note	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
<b>Operating income and operating expenses</b>						
Revenue from contracts with customers	3	7 775	133	16 562	732	20 036
<b>Total revenue</b>		<b>7 775</b>	<b>133</b>	<b>16 562</b>	<b>732</b>	<b>20 036</b>
Cost of goods sold		8 072	95	11 365	831	11 632
Personnel expenses		14 448	7 376	27 787	11 744	32 878
Depreciation and amortization expense	4,5	2 783	1 093	5 292	2 186	5 215
Other operating expenses		10 961	5 494	21 379	10 099	30 772
<b>Operating profit/(loss)</b>		<b>-28 488</b>	<b>-13 925</b>	<b>-49 261</b>	<b>-24 129</b>	<b>-60 461</b>
Financial income		7 282	76	9 194	353	4 374
Financial expenses		-584	52	2 224	430	1 321
<b>Net financial income and expenses</b>		<b>7 866</b>	<b>24</b>	<b>6 970</b>	<b>-77</b>	<b>3 053</b>
<b>Profit/(loss) before income tax</b>		<b>-20 622</b>	<b>-13 900</b>	<b>-42 290</b>	<b>-24 206</b>	<b>-57 407</b>
Income tax expense			-177	975	-364	-975
<b>Profit/(loss) for the year</b>		<b>-20 622</b>	<b>-13 723</b>	<b>-43 265</b>	<b>-23 842</b>	<b>-56 432</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified to profit or loss:</i>						
Exchange difference on translation of foreign operations		-169		-458		336
Net Other comprehensive income		-169		-458		336
<b>Total comprehensive profit/(loss) for the year</b>		<b>-20 792</b>	<b>-13 723</b>	<b>-43 723</b>	<b>-23 842</b>	<b>-56 096</b>
<b>Total comprehensive profit (loss) for the year attributable to:</b>						
<b>Equity holders of the parent company</b>		<b>-20 611</b>	<b>-13 723</b>	<b>-43 543</b>	<b>-23 842</b>	<b>-56 096</b>
<b>Non-controlling interest</b>		<b>-180</b>		<b>-180</b>		
<b>Earnings per share (in NOK)</b>						
Basic and diluted earnings per ordinary share <sup>1)</sup>		-0,36	-0,24	-0,75	-0,41	-0,98

1) Based on average 58.03 million shares outstanding for the purpose of earnings per share in 2022, and average 57,60 million shares outstanding in 2021.

# Consolidated balance sheet

NOK '000	Note	30.06.2022	31.03.2022	31.12.2021
<b>Assets</b>				
Intangible assets	4,6	67 657	47 343	48 970
Property, plant, and equipment	5,6	47 513	24 411	22 637
Right of use assets		2 199	2 587	2 975
Non-current tax asset				975
Investments in associated companies		278	278	101
Loan to associated companies		938	938	634
Other receivables		34 019	48 326	48 597
<b>Total non-current assets</b>		<b>152 603</b>	<b>123 882</b>	<b>124 890</b>
<b>Current assets</b>				
Inventories		313	294	308
Trade receivables		8 002	7 544	13 042
Other receivables		6 648	6 073	7 594
Cash and bank deposits		435 283	368 657	382 255
<b>Total current assets</b>		<b>450 245</b>	<b>382 568</b>	<b>403 199</b>
<b>Total assets</b>		<b>602 849</b>	<b>506 450</b>	<b>528 089</b>
<b>Equity</b>				
Share capital		58	58	58
Share premium account		576 141	576 141	576 141
Other equity contributed		34 505	29 588	26 800
Other equity		-135 536	-114 722	-92 081
Translation reserves		432	47	336
<b>Total other equity</b>		<b>475 600</b>	<b>491 112</b>	<b>511 255</b>
Non-controlling interest	6	10 025		
<b>Total equity</b>		<b>485 625</b>	<b>491 112</b>	<b>511 255</b>
<b>Interest-bearing debt</b>				
Deferred tax		1 055		
Non-current lease liabilities		1 397	1 368	1 365
<b>Total non-current liabilities</b>		<b>2 452</b>	<b>1 368</b>	<b>1 365</b>
Current lease liabilities		840	1 240	1 610
Trade creditors		3 164	4 385	3 290
Public duties payable		4 823	4 107	5 071
Other short-term liabilities		105 943	4 237	5 497
<b>Total current liabilities</b>		<b>114 771</b>	<b>13 969</b>	<b>15 468</b>
<b>Total liabilities</b>		<b>117 223</b>	<b>15 337</b>	<b>16 833</b>
<b>Total equity and liabilities</b>		<b>602 849</b>	<b>506 450</b>	<b>528 089</b>

# Cash flow statements

NOK '000	Note	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
<b>Cash flows from operating activities</b>						
Net Income / (Loss) before tax		-20 622	-13 900	-42 290	-24 206	-57 407
Depreciation and amortization expense		2 783	1 093	5 292	2 186	5 215
Option cost no cash effect		5 137	6 721	8 044	9 402	18 533
Change in accounts receivable		-458	9	5 041	2 145	-9 859
Change in inventory		-19		-6		
Change in accounts payable		-1 221	4 698	-125	-2 120	-3 894
Write-down shares					7	7
Effect of foreign currency translation		-458	6	-881	12	337
Change in other accruals		101 866	2 518	101 163	-1 475	-548
<b>Net cash flows from operating activities</b>		<b>87 008</b>	<b>1 146</b>	<b>76 237</b>	<b>-14 018</b>	<b>-47 617</b>
<b>Cash flows from investing activities</b>						
Change in tangible assets	5	-1 538	-9 108	-3 789	-9 171	-20 793
Change in intangible assets	4		-3 062		-4 632	-8 079
Acquisition of subsidiary, net of cash acquired	6	-14 847		-14 847		
Change in other investing activities		-3 627	-7 268	-3 836	-7 268	-49 178
<b>Net cash flows from investing activities</b>		<b>-20 012</b>	<b>-19 438</b>	<b>-22 472</b>	<b>-21 070</b>	<b>-78 050</b>
<b>Cash flows from financing activities</b>						
Payment of lease liabilities		-371	-39	-738	-77	
Proceeds from Equity Issue					259	1 812
<b>Net cash flows from financing activities</b>		<b>-371</b>	<b>-39</b>	<b>-738</b>	<b>-182</b>	<b>1 812</b>
Cash balance start of period		368 658	489 505	382 256	506 111	506 111
Net change in cash		66 625	-18 331	53 028	-34 937	-123 855
<b>Cash balance end of period</b>		<b>435 283</b>	<b>471 174</b>	<b>435 283</b>	<b>471 174</b>	<b>382 255</b>



# Statement of changes in equity

NOK '000	Share capital	Share premium reserve	Other paid-in capital	Other component of equity	Uncovered loss	Total other equity	Not controlling interest	Total equity
<b>Equity as at 01.01 2021:</b>	57	542 170	9 098		-35 648	515 677		516 677
Net loss					- 23 842			
Cost of share-based payment			7 918			7 918		7 918
Issue of share capital	1	32 418				32 419		32 419
<b>Equity as at 30.6.2021</b>	<b>58</b>	<b>574 588</b>	<b>17 016</b>		<b>-59 490</b>	<b>523 173</b>		<b>523 173</b>
<b>Equity as at 01.01 2022</b>	<b>58</b>	<b>576 141</b>	<b>26 800</b>	<b>337</b>	<b>-92 080</b>	<b>511 256</b>		<b>511 256</b>
Net loss					-43 265	-43 265	-180	-43 445
Currency translation differences				96		96		96
Cost of share-based payment			7 705			7 705		7 705
Non controlling interest by aquisition							10 205	10 205
<b>Equity as at 30.06.2022</b>	<b>58</b>	<b>576 141</b>	<b>34 505</b>	<b>433</b>	<b>-135 536</b>	<b>475 601</b>	<b>10 025</b>	<b>485 626</b>

# Notes to the financial statements

## Note 1 – Organisation and basis for preparation

### Corporate information

Hydrogenpro AS (“the Company”) is a private limited company, incorporated in Norway, headquartered in Porsgrunn and listed on Euronext Growth, Address headquarters: Hydrovegen 6, 3933 Porsgrunn, Norway.

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. HydrogenPro comprises an experienced engineering team of leading industry experts, drawing upon unparalleled experience and expertise within the hydrogen and renewable sectors. By combining in-depth knowledge with innovative design, the company continuously aspires to pioneer game-changing ideas and solutions to realize and maximize new opportunities in a smarter, sustainable, hydrogen powered future. HydrogenPro designs and supplies customized hydrogen plants in cooperation with global partners and suppliers, all ISO 9001, ISO 45001 and ISO 14001 certified. The core product is the alkaline high-pressure electrolyser. Recently the company acquired a new plating technology through the acquisition of Advanced Surface Plating ApS in Denmark.

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

### Basis for preparation

The quarterly statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34). The accounting policies applied in the preparation of the quarterly financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021. The quarterly financial information does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

The consolidated financial statements have been prepared on a historical cost basis except when otherwise is stated.

Further, the consolidated financial statements are prepared based on the going concern assumption.

The consolidated financial statements are presented in Norwegian kroner (“NOK”). For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. HydrogenPro has Norwegian krone (“NOK”) as its functional currency, and Advanced Surface Plating Asp and HydrogenPro Tianjin respectively have DKK and CNY as their functional currency

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying yearly average exchange rates. The resulting translation differences are recognized in other comprehensive income.

## Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgments that may have the most significant effect on the amounts recognized in the financial statements, are summarized below:

- Revenue recognition from contracts with customers
- Estimating fair value for share-based payments transactions

Refer to the annual report of 2021 for more details related to key judgement and estimations.

## Note 2 – Subsequent events

No events have occurred after the balance sheet date with significant impact on the interim financial statement for the second quarter and first half of 2022.

On 12<sup>th</sup> of August 2022 the US Congress passed the Inflation Reduction Act (IRA) to see an offering of tax credits for low carbon hydrogen production and hydrogen fuel cell-electric vehicles signed into law. The Act enclosed a bill which would see producers of clean hydrogen up to \$3 per kg of tax credits, as well as making up to \$7,500 available for new hydrogen-electric vehicles.

On 17<sup>th</sup> of August 2022 HydrogenPro submitted its application to trading on Oslo Børs by transfer of its current admission to trading on Euronext Growth operated by Oslo Børs. Subject to Oslo Børs' approval of the Company's admission application and satisfaction of any conditions for admission to trading set by Oslo Børs, the Company expects that the first day of trading of the Company's shares on Oslo Børs in first half of fourth quarter 2022.

## Note 3 – Revenue from contracts with customers

### Geographical region

NOK '000	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
<b>Geographical region</b>					
Norway	172		1 170		0
Europe	2	133	112	731	906
America	7 288		14 608		16 204
Asia Pacific	313		672		2 926
<b>Total revenue</b>	<b>7 775</b>	<b>133</b>	<b>16 562</b>	<b>731</b>	<b>20 036</b>

The information above is based on the location of the customers.

The Group's revenue from contracts with customers are recognized from sale of Hydrogen electrolyser systems and engineering services. Long term fixed-price contracts are valued to the percentage of completion method. The degree of completion is calculated as expenses incurred as a percentage of estimated total expenses. Total expenses are reviewed on a regular basis. If projects are expected to result in losses, the total estimated loss is recognised immediately.

NOK '000	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Revenue recognized over time	7 773	133	16 153	731	20 019
Revenue recognized at point of time	2		409		17
<b>Total revenue</b>	<b>7 775</b>	<b>133</b>	<b>16 562</b>	<b>731</b>	<b>20 036</b>

## Note 4 – Intangible assets

NOK '000	Technology	Patent and licenses	Goodwill	2022 Total
<b>Purchase cost 01.01.2022</b>	<b>41 366</b>	<b>11 742</b>		<b>53 107</b>
Acquisition of subsidiary			21 935	21 935
Impairment				
Disposals				
<b>Purchase cost 31.06.2022</b>	<b>41 366</b>	<b>11 742</b>	<b>21 935</b>	<b>75 043</b>
Accumulated depreciation 01.01.2021	4 143	-		4 143
Depreciation year to date 2022	2 068	1 174		3 242
<b>Net book value 31.06.2022</b>	<b>35 155</b>	<b>10 567</b>	<b>21 935</b>	<b>67 657</b>
Economic life	5 years	5 years		
Depreciation method	linear	linear		

Intangible assets that have been acquired separately are carried at cost. The costs of intangible assets acquired through an acquisition are recognized at their fair value in the Group's opening balance sheet. Capitalized intangible assets are recognized at cost less any amortisation and impairment losses.

Intangible assets with a definite economic life are amortised over their economic life and tested for impairment if there are any indications. The amortisation method and period are assessed at least once a year.

On 9<sup>th</sup> of June 2022 HydrogenPro completed the acquisition of 75 per cent of the shares of HydrogenPro Tianjin CO Ltd. 75 per cent of goodwill arising on acquisition are recognized under intangible asset. Refer to note 6 for more detailed information.

## Note 5 – Property, plant and equipment

NOK '000	Plant and machinery	Movables	Machinery and plant in progress	2022 Total
<b>Purchase cost 01.01.2022</b>	<b>17 179</b>	<b>2 774</b>	<b>4 021</b>	<b>23 975</b>
Additions	3 145	66	280	3 491
From Machinery and plant in progress	4 301		-4 301	
Acquisition of subsidiary	22 384			22 384
Disposals				
Exchange differences	254	43		297
<b>Purchase cost 31.06.2022</b>	<b>47 264</b>	<b>2 883</b>	<b>0</b>	<b>50 147</b>
Accumulated depreciation 01.01.2021	1 171	167		1 337
Depreciation year to date 2022	1 131	143		1 274
Exchange differences	19	4		23
<b>Net book value 31.06.2022</b>	<b>44 943</b>	<b>2 570</b>	<b>0</b>	<b>47 513</b>
Economic life	5-10 years	5-10 years		
Depreciation method	linear	linear		

Tangible assets are valued at their cost less accumulated depreciation and impairment losses. The depreciation period and method are assessed each year.

Assets under construction are classified as non-current assets and recognized at cost until the production or development process is completed. Assets under construction are not depreciated until the asset is taken into use.

## Note 6 – Business combinations

### Acquisition of HydrogenPro Tianjin in June 2022

On the 9<sup>th</sup> of June 2022 HydrogenPro acquired 75 per cent of the shares of HydrogenPro Tianjin CO Ltd (“Tianjin”). Tianjin is reported as a part of the HydrogenPro Group from June 2022.

Tianjin is a provider for electrolyzers system, headquartered in Tianjin, China with approximately 35 employees. Tianjin specializes in manufacturing and assembly of hydrogen systems, including steel system structures and high-pressure piping, and has its production facilities also in Tianjin, China. Tianjin will bring significant system assembly capacity and know-how and complement the capabilities of HydrogenPro, improving control of the value chain and accelerating time to market.

Tianjin’s revenues for the year 2021 would have been eliminated in the consolidated financial statement of HydrogenPro as all production was delivered to HydrogenPro. 2021 profit and assets as of 01.01.22 in Tianjin amounted to no more than 2% of HydrogenPro’s consolidated values.

The fair value of the identifiable assets and liabilities of HydrogenPro Tianjin as the date of the acquisition were:

Fair value recognized on acquisition	(NOK 1,000)	09.06.2022
<b>Assets</b>		
Non-current assets		
Property plant & equipment		22 384
<b>Total non-current assets</b>		<b>22 384</b>
Current assets		
Cash and cash equivalents		18 073
Other current assets		11 890
<b>Total current assets</b>		<b>29 964</b>
<b>Total assets</b>		<b>52 348</b>
<b>Non-current liabilities</b>		
Deffered tax liability	-	1 055
Other long term liabilities	-	721
<b>Total non-current liabilities</b>		<b>-1 776</b>
<b>Current liabilities</b>		
Other short term liabilities	-	12 634
<b>Total current liabilities</b>		<b>-12 634</b>
<b>Total liabilities</b>		<b>-14 410</b>
<b>Total identifiable net assets at fair value</b>		<b>-37 938</b>
Purchase consideration transferred		67 185
<b>Goodwill arising on acquisition</b>		<b>29 247</b>
Purchase consideration transferred		
Cash paid		50 389
<b>Total consideration (payments from HP)</b>		<b>50 389</b>
Adj. for HP 75% stake		75 %
<b>Equity value (100% of subsidiary)</b>		<b>67 185</b>
Analysis of cash flows on acquisition:		
Total consideration (payments from HP)		50 389
Cash already paid in 2021	-	17 847
Cash paid in H1 2022		14 891
Cash paid after balance date 30.06.2022		17 651
Net cash acquired with the subsidiary	-	11 890
Paid by non-controlling interest		
<b>Net cash out in H1 2022</b>		<b>-14 847</b>
<b>Net cash out in total</b>		<b>38 498</b>

Acquisitions after the balance sheet date

The Group did not have any acquisitions after the balance sheet date

# 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 IFRS.

HydrogenPro's financial APMs:

- **EBITDA** is defined as earnings before interest, tax, depreciation, amortization and impairment, corresponding to operating profit/(loss) plus depreciation, amortization and impairment.
- **Adjusted EBITDA** excludes special items, e.g., non-cash impact of incentive program and other accruals/provisions, to better present the underlying performance in the reported period.
- **Net investments** are additions to property, plant and equipment (capital expenditures), plus long-term securities, intangible assets, long-term advances and investments in equity accounted investments, including amounts recognized in business combinations for continuing operations.
- **Order Intake** is defined as a firm purchase order with agreed price, volume, timing, term and conditions entered within a given period. The order intake includes both contracts and change order. For service contracts and contracts with uncertain transaction price, the order intake is based on estimated revenue. The measure does not include potential change order.
- **Backlog** is defined as a firm purchase orders with agreed price, volume, timing, terms and condition and where revenue is yet to recognized. The backlog includes both contracts and change order. For service contracts and contracts with uncertain transaction price, the backlog is based on estimated revenue. The measure does not include potential change order.

Porsgrunn/Oslo, 22<sup>nd</sup> of August 2022

## The Board of Directors

(Electronically signed)

**Ellen M. Hanetho**  
*Chair of the Board*

(Electronically signed)

**Richard Espeseth**  
*Board member*

(Electronically signed)

**Jarle Tautra**  
*Board member*

(Electronically signed)

**Kermit J. Nash**  
*Board member*

(Electronically signed)

**Jarle Dragvik**  
*Board member*

(Electronically signed)

**Donna Rennemo**  
*Board member*

(Electronically signed)

**Richard Espeseth**  
*CEO*

To the board of  
**HydrogenPro AS**

## Report on Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of HydrogenPro AS as of June 30, 2022 and the related consolidated statement of comprehensive income, changes in equity and cash flow statement for the six-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 International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and that the consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

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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

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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 of June 30, 2022, and of its financial performance for the six-month period then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and prepared in accordance with IAS 34 Interim Financial Reporting.

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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