



Quarterly report
Q2 2023

Hydrogen pro

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About HydrogenPro

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 with the new technology (at an electricity price of USD 20/MWh).



Technology Leader



Global Footprint



Scalability



Life Cycle Partner

Highlights

Q2 2023 Highlights

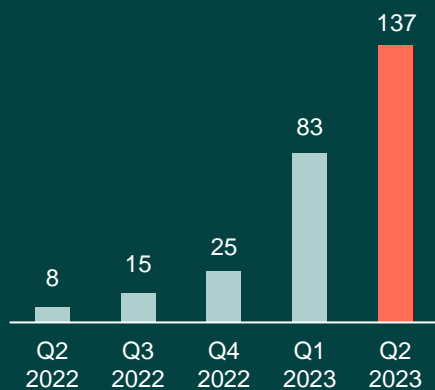
- Revenues of NOK 137 million, up 64% vs. Q1 2023 (NOK 83.4 million) and up >17x vs. Q2 2022 (NOK 7.8 million)
- Completed private placement of NOK 120 million
 - Net proceeds (NOK 115 million) to finance initial phase of US expansion
- Manufacturing facility in Tianjin, China upgraded from 300 to 500 MW
 - De-bottlenecking and lane optimization process
- Annual General Meeting was held 24 May
 - All items on the agenda were approved

Subsequent events

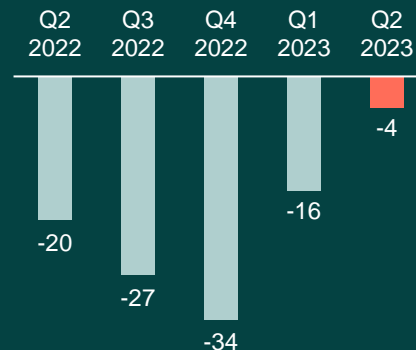
- HydrogenPro partner ANDRITZ wins FEED study for 200 MW Power-to-X project in Kristinestad, Finland
 - Order expected to be placed by beginning of 2024
- 1000 hours test of 3rd generation technology shows results in line with expectation
 - Test was interrupted after 850 hours due to malfunctioning 3rd party electrical equipment
- Appointment of Jarle Dragvik as new CEO from 8 August and revised priorities in the Group's strategy
 - Focus on North American market and commence preparations for possible listing at the Nasdaq stock exchange

Financials

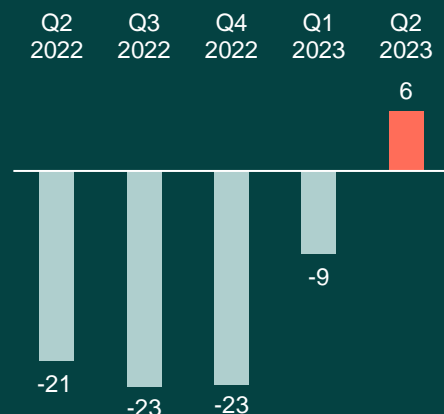
REVENUE
MNOK



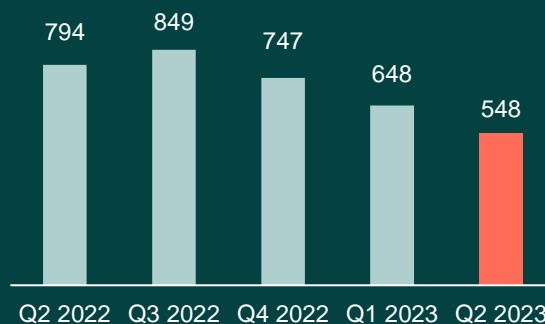
ADJ. EBITDA
MNOK



NET PROFIT
MNOK



BACKLOG
MNOK



Q2 2023 Summary

Developments during the quarter

Market development

The high activity level in the hydrogen market continued into the second quarter of 2023. Since last quarter, market research shows that large industrial players within energy and utilities will play a dominating role in shaping the large-scale green hydrogen sector. The reason being their access to capital combined with project execution abilities. Increasingly, clients are focusing on electrolyser suppliers as OEMs (Original Equipment Manufacturer). This aligns with HydrogenPro's market strategy.

Sales pipeline growth remains robust with few project cancellations, contributing to a growing base of large, solid projects in core markets, despite a tendency of project FIDs (Final Investment Decision) being delayed. Historically, FEED (Front End Engineering Design) studies are signs of mature projects being close to FID.

HydrogenPro aims to secure a competitive edge by being part of early-stage FEED studies. HydrogenPro is engaged in numerous FEED studies and is in the final stages of securing new FEED contracts for projects ranging from 100 to 1,000MW in capacity.

In the USA, the inflation reduction act is continuing to progress large projects dedicated to SAF, synthetic fuels (e-fuels) and ammonia. HydrogenPro expects several FID decisions to be made within the next 6 months. For the European market, HydrogenPro observes increased momentum compared to the last quarters. HydrogenPro expects to be involved in several FEED projects in Europe during 2023.

HydrogenPro is already seeing results of its strategic partnership with ANDRITZ, which announced a FEED study for a 200MW hydrogen factory in Finland. It is expected that this factory will include high-pressure alkaline electrolysers from HydrogenPro.

An announcement of a project does not guarantee a final investment decision. Therefore, it remains imperative to properly prioritize projects based on their expected viability.

Strategic partnership with ANDRITZ

In April, HydrogenPro entered a strategic partnership with the global EPC supplier ANDRITZ, to collaborate on scaling up manufacturing and assembly of electrolysers for the European market.

Upgrades at Chinese manufacturing facility completed

As announced 9 May, the manufacturing capacity at HydrogenPro Tianjin was increased from 300 to 500 MW this quarter. The increased capacity was a result of de-bottlenecking and lane optimization, at an investment cost of approximately NOK 5 million. The upgrade was completed in June.

Received grants for two new R&D projects

HydrogenPro was granted NOK 15.3 million in funding for two R&D projects. The funding was granted by innovation Fund Denmark, MissionGreenFuels, and Gassnova SF.

DG Fuels FEL 3 study launched

DG Fuels and EPC supplier Black & Veatch announced that the FEL 3 study for the Sustainable Aviation Fuel plant planned in Louisiana, US was launched.

Launch of National Hydrogen Strategy

HydrogenPro, together with LO, NHO and several other companies and organisations from the hydrogen value chain, presented the Norwegian government a joint proposal for a Norwegian hydrogen strategy.

Opening of HydrogenPro's office in Duisburg, Germany

The official opening of HydrogenPro's representation office in Duisburg, Germany was held in June.

Annual general meeting

The annual general meeting for 2023 was held 24 May. The meeting was run as a digital event. Approximately 53 % of the share capital was represented at the meeting. All items on the agenda were approved as proposed. Three new board members were elected: Richard Espeseth, Terje Mikalsen, and Asta Stenhagen. Donna Rennemo, Jarle Dragvik and Vivian Espeseth left the board. Minutes from the annual general meeting can be found on HydrogenPro's web page.

Subsequent events

1000 hours test of 3rd gen technology

1000 hours test of the advanced electrodes manufactured by HydrogenPro Denmark was initiated in June. After approximately 850 hours of run time, a 3rd party electrical component (not part of the electrolyser) malfunctioned. Initial test results are in line with expectations.

HydrogenPro partner wins FEED study for Power-to-X project in Finland

EPC supplier ANDRITZ, HydrogenPro's strategic partner, announced 25 July that they have entered into an agreement with Koppö Energy on a FEED study for the establishment of a green hydrogen factory in Kristinestad, Finland. The final order for the 200 MW project is expected to be placed in the beginning of 2024.

Appointment of Jarle Dragvik as new CEO from 8 Aug and revised priorities in the Group's strategy

Jarle Dragvik is the current CEO of TM Holding AS, the Company's second largest shareholder. Mr. Dragvik knows HydrogenPro well as he served on the Board of Directors until May 2023 and has for

years been chairman of the Company's China operations. He brings 25 years of industrial experience from companies including Norsk Hydro, Orkla/Sapa and Norske Skog. The new priorities in HydrogenPro will focus on the North American market and

Outlook

The hydrogen market is continuing to mature. The announcement of new projects globally has increased substantially through 2023, now with more than 230 GW projects globally, where more than half are considered to be in a mature state, i.e., operational before 2030. Final investment decisions are still somewhat lagging, and an exponential development must be deployed the next few years to meet the expected demand for green hydrogen. This will positively impact the market for electrolysers compatible with renewable energy sources.

HydrogenPro is well positioned to take advantage of the increased demand for electrolysers suitable for green hydrogen. HydrogenPro has demonstrated ability to deliver on large scale projects through our manufacturing site in China. The strategic alliance with ANDRITZ in Europe for local manufacturing and extended supply ability as well as specific plans for US

commence preparations for possible listing at the Nasdaq stock exchange, while maintaining HydrogenPro's position as technology leader and a competent European organization.

manufacturing plant under development further demonstrates HydrogenPro's ability to deliver. HydrogenPro's supply capacity across three continents provides benefits on several levels in supply chain, cost optimizing, flexibility on supply ability and minimize impacts from geopolitical conflicts.

Demonstrated delivering capacity combined with best-in-class electrolysis efficiency puts HydrogenPro in a favourable position going forward. This will be further improved by the end of the year, when the 3rd gen technology, including advanced electrodes, are planned to be ready for market.

The Group's main risks and uncertainties are described in HydrogenPro's Annual Report for 2022. There are no significant changes in the risks and uncertainties.

Financials

Income statement

Q2 2023	Q1 2023	Q2 2022	NOK million	YTD 2023	YTD 2022	FY 2022
137.0	83.4	7.8	Revenue from contracts with customers	220.5	16.6	56.4
107.5	70.9	8.1	Cost of goods sold	178.4	11.4	44.4
29.6	12.5	-0.3	Gross profit/(loss)	42.1	5.2	12.0
20.9	14.6	8.9	Personnel expenses	35.5	17.8	52.4
13.0	13.8	10.7	Other operating expenses	26.8	20.7	53.9
-4.4	-15.8	-19.9	Adj. EBITDA (excl. non-cash operating expenses)	-20.2	-33.3	-94.3
0.9	1.3	5.5	Non-cash cost of incentive programs/payrolls	2.1	10.0	10.3
0.0	0.0	0.3	Non-cash accruals/provisions	0.0	0.7	0.7
-5.3	-17.1	-25.7	EBITDA	-22.4	-44.0	-105.3
5.6	5.0	2.8	Depreciation and amortization expenses	10.6	5.3	14.0
-10.8	-22.1	-28.5	EBIT	-32.9	-49.3	-119.2
17.3	13.2	7.9	Net financial income and expenses	30.5	7.0	29.3
6.5	-9.0	-20.6	Profit/(loss) before income tax	-2.5	-42.3	-89.9
-	-	-	Income tax expense	-	1.0	-0.1
6.5	-9.0	-20.6	Profit/(loss)	-2.5	-43.3	-89.8

HydrogenPro generated revenues of NOK 137.0 million during the second quarter 2023, NOK 53.6 million (64%) higher than first quarter 2023, and NOK 129.3 million higher than the same period in 2022. The Group's revenue in the first half-year 2023 was NOK 220.5 million compared to NOK 16.6 million in the first half-year of 2022. The significant increase in revenues, both quarterly and year to date, were mainly from the progress on the delivery of the ACES project (220 MW). A further revenue breakdown is available in note 3.

Cost of goods sold include all project-related costs, e.g., raw materials, engineering, manhours, manufacturing costs and components delivered by sub-suppliers. Cost of goods sold during the quarter amounted to NOK 107.5 million vs. NOK 70.9 million in the first quarter 2023 (NOK 8.1 million in second quarter 2022). Year to date Cost of goods sold was NOK 178.4 million compared to NOK 16.6 million in the first half-year of 2022.

Gross profit was NOK 29.6 million vs. NOK 12.5 million in first quarter 2023 (NOK -0.3 million in second quarter 2022.). Year to date the Group's Gross profit was NOK 42.1 million compared to NOK 5.2 million in the first half-year of 2022.

Personnel expenses increased from NOK 14.6 million in first quarter 2023 to NOK 20.9 million in second quarter 2023 (NOK 8.9 in second quarter 2022). The increase is mainly due to an increase in number of employees, related to both ongoing activities to deliver on existing contracts and upscaling for future growth.

Other operating expenses amounted to NOK 13.0 million in second quarter 2023 in line with NOK 13.8 million in first quarter 2023 (NOK 10.7 million in second quarter 2022).

The increase in gross profit resulted in an improved adjusted EBITDA from NOK -15.8 million in first quarter 2023 to NOK -4.4 million in second quarter 2023 (NOK -19.9 million in second quarter 2022). Adjusted EBITDA for the first half-year of 2023 was NOK -20.2 compared to NOK -33.3 the first half-year of 2022.

EBITDA was NOK -5.3 million during second quarter 2023 vs. NOK -17.1 million during first quarter 2023 (NOK -25.7 million in second quarter 2022). EBITDA was NOK -22.4 million in the first half-year of 2023, an improvement of NOK 21.6 million compared with the first half-year of 2022.

EBIT in second quarter 2023 amounted to NOK -10.8 million vs. NOK -22.1 million in first quarter 2023 (NOK -28.5 million in second quarter 2022). Year to date in 2023 EBIT improved by NOK 16.3 million compared to the same period in 2022.

Depreciation & amortization expenses was NOK 5.6 million in second quarter 2022 vs. NOK 5.0 million in first quarter 2023 (NOK 2.8 million in second quarter 2022).

Net profit (after tax) for the second quarter 2023 ended at NOK 6.5 million vs. a net loss of NOK -9 million in first quarter 2023 (NOK -20.6 million in second quarter 2022).

The Group's net profit for the first half-year ended at a loss of NOK -2.5 million compared to a loss of NOK -43.3 million in the first half-year of 2022.

The order backlog amounted to NOK 548 million as of 30 June 2023 vs. NOK 648 million as of 31 March 2023 (747 million as of 31 December 2022).

Net financial items

Q2 2023	Q1 2023	Q2 2022	NOK million	YTD 2023	YTD 2022	FY 2022
0.7	1.1	0.6	Interest income	1.8	1.0	3.4
-4.5	12.1	7.4	Net foreign exchange	7.6	6.1	4.2
21.2	-0.1	-0.1	Other finance income/(expense)	21.1	-0.1	21.7
17.3	13.2	7.9	Net financial items	30.5	7.0	29.3

Net financial items in second quarter 2023 amounted to NOK 17.3 million vs NOK 13.2 million in first quarter 2023 (NOK 7.9 in second quarter 2022). Net financial items year to date 2023

amounted to NOK 30.5 million compared to NOK 7.0 million year to date 2022. The change is mainly due to a fair value adjustment for financial instrument, refer to note 6.

Balance sheet

NOK million	30 Jun 2023	31 Mar 2023	31 Dec 2022
Assets			
Intangible assets	61.2	62.8	64.4
Plant, machinery and equipment	65.6	67.5	55.5
Financial fixed assets	106.9	77.0	74.5
Total fixed assets	233.7	207.2	194.5
Current operating assets	266.7	107.7	121.7
Cash and cash equivalents	182.7	208.0	257.0
Total current assets	449.4	315.7	378.7
Total Assets	683.1	522.9	573.2
Equity and liabilities			
Total equity	557.2	427.7	437.8
Total long-term liabilities	15.5	12.2	11.3
Total short-term liabilities	110.4	83.0	124.0
Total liabilities	125.9	95.2	135.3
Total equity and liabilities	683.1	522.9	573.2

Total assets as of 30 June 2023 amounted to NOK 683.1 million. Total fixed assets amounted to NOK 233.7 million, whereof NOK 61.2 million in intangible assets, NOK 65.6 million in plant, machinery, and equipment and NOK 106.9 million in financial fixed assets. The increase in financial fixed assets were due to a fair value adjustment for financial instrument, refer to note 6.

Total current assets amounted to NOK 449.4 million, whereof NOK 182.7 million in cash and deposits and NOK 266.7 million in other current assets. The increase in current assets was mainly due to an increase in contract assets related to the ACES project. Increased project activity has also contributed to an increase in inventories and other receivables.

Total equity amounted to NOK 557.2 million. The book equity ratio as of 30 June 2023 was 81.6% compared to 76.4 % on 31 December 2022 (81.8% as of 31 March 2023).

Total liabilities amounted to NOK 125.9 million as of 30 June 2023, whereof 110.4 million in short-term liabilities and NOK 15.5 million

in long-term liabilities. The reduction in short-term liabilities compared to 31 December 2022 is primarily due to change in contract liabilities because of revenue recognition. This is partly offset in the second quarter due to an increase in trade creditors.

Cash flow

Q2 2023	Q1 2023	Q2 2022	NOK million	YTD 2023	YTD 2022	FY 2022
208.0	257.0	368.7	Cash balance start of period	257.0	382.3	382.3
-133.4	-42.5	87.0	Net cash flow from operating activities	-175.9	76.2	-69.4
-5.4	-5.5	-20.0	Net cash flow from investing activities	-10.9	-22.5	-51.9
113.5	-1.0	-0.4	Net cash flow from financing activities	112.5	-0.7	-4.0
-25.3	-49.1	66.6	Total changes in cash	-74.3	53.0	-125.2
182.7	208.0	435.3	Cash balance end of period	182.7	435.3	257.0

Net change in cash position during the first quarter 2023 was NOK -25.3 million compared to NOK -49.1 million in the first quarter 2023 (NOK 66.6 million in second quarter 2022). In the first half-year of 2023 net change in cash position was NOK -74.3 million compared to NOK 53.0 million in the first half-year of 2022.

Net cash flow from operating activities was NOK -133.4 million in second quarter 2023 compared to NOK -42.5 million in first quarter 2023 (NOK 87.0 million in second quarter 2022), mainly due to an increase in contract assets. The ACES project has been invoiced in line with payment milestones. Cash inflow is expected in accordance with contractual terms and the project is expected to

generate positive cash flow from operating activities in the second half-year of 2023.

During the second quarter 2023 net cash flow from investing activities was NOK -5.4 million vs NOK -5.5 million in first quarter 2023 (NOK -20.0 million in second quarter 2022).

Net cash flow from financing activities was NOK 113.5 million compared to NOK -1.0 million in first quarter 2023 (NOK -0.4 million in second quarter 2022), mainly due to net proceeds from equity issue in June 2023.



Financial statements

Consolidated statement of comprehensive income

Q2 2023	Q2 2022	NOK '000	Notes	YTD 2023	YTD 2022	FY 2022
Operating income and operating expenses						
137 039	7 775	Revenue from contracts with customers	2	220 464	16 562	56 414
137 039	7 775	Total revenue		220 464	16 562	56 414
107 466	8 072	Cost of goods sold		178 392	11 365	44 372
21 776	14 448	Personnel expenses	3	37 611	27 787	62 768
5 584	2 783	Depreciation and amortization expenses	4, 5	10 566	5 292	13 990
13 052	10 961	Other operating expenses		26 845	21 379	54 526
-10 838	-28 488	Operating profit / (loss)		-32 950	-49 261	-119 242
21 479	-	Fair value adjustment for financial instruments	6	21 479	-	22 485
1 668	7 282	Financial income		16 008	9 194	17 874
5 830	-584	Financial expenses		7 018	2 224	11 016
17 317	7 866	Net financial income and expenses		30 469	6 970	29 343
6 478	-20 622	Profit / (loss) before income tax		-2 480	-42 290	-89 899
-	-	Income tax expense		-	975	-80
6 478	-20 622	Profit / (loss) for the year		-2 480	-43 265	-89 819
Other comprehensive income:						
<i>Items that may be reclassified to profit or loss:</i>						
5 024	-169	Exchange difference on translation of foreign operations		2 085	-458	-415
5 024	-169	Net Other comprehensive income		2 085	-458	-415
11 503	-20 792	Total comprehensive profit / (loss) for the year		-395	-43 723	-90 234
Total comprehensive profit / (loss) for the year attributable to:						
12 265	-20 611	Equity holders of the parent company		9	-43 543	-85 303
-762	-180	Non-controlling interest		-404	-180	-4 931
Earnings per share (in NOK)						
0.11	-0.36	Basic and diluted earnings per ordinary share ¹⁾		-0.04	-0.75	-1.46

1) Based on average 58 million shares outstanding for the purpose of earnings per share

Consolidated balance sheet

NOK '000	Note	30 Jun 2023	31 Dec 2022
Assets			
Intangible assets	4	61 173	64 415
Property, plant and equipment	5	65 609	55 537
Right of use assets	5	21 897	17 625
Financial assets	6	80 353	52 056
Other receivables		4 699	4 820
Total non-current assets		233 732	194 453
Current assets			
Inventories	7	42 082	35 762
Trade receivables		15 808	18 585
Contract assets	2	122 777	19 828
Other receivables		86 028	47 514
Cash and bank deposits		182 680	257 022
Total current assets		449 376	378 711
Total assets		683 108	573 164
Equity			
Equity attributable to HydrogenPro's shareholders		552 668	432 855
Non-controlling interest		4 559	4 963
Total equity		557 226	437 818
Non-current lease liabilities		15 526	11 332
Total non-current liabilities		15 526	11 332
Current liabilities			
Current lease liabilities		6 086	5 124
Trade creditors		67 259	20 578
Contract liabilities	2	5 743	65 691
Public duties payable		5 921	10 797
Other short-term liabilities		25 347	21 824
Total current liabilities		110 356	124 014
Total liabilities		125 881	135 346
Total equity and liabilities		683 108	573 164

Cash flow statements

Q2 2023	Q2 2022	NOK '000	Notes	YTD 2023	YTD 2022	FY 2022
Cash flows from operating activities						
6 478	-20 622	Profit / (loss) before income tax		-2 480	-42 290	-89 899
5 584	2 783	Depreciation, amortization & impairment		10 566	5 292	13 990
3 045	5 137	Option cost no cash effect		4 844	8 044	8 592
-21 479	-	Fair value adjustment for financial instruments	6	-21 479	-	-22 485
-100 699	-458	Change in accounts receivable and contract assets		-100 173	5 041	-25 371
-11 428	-19	Change in inventory		-6 320	-6	-35 455
41 111	-1 221	Change in accounts payable and contract liabilities		-13 267	-125	17 222
3 715	-458	Effect of foreign currency translation		-7 730	-881	-183
-59 731	101 866	Change in other accruals		-39 867	101 163	64 230
-133 404	87 008	Net cash flows from operating activities		-175 907	76 237	-69 359
Cash flows from investing activities						
-5 405	-1 538	Purchases of tangible assets	5	-10 929	-3 789	-14 701
-	-	Purchases of intangible assets	4	-	-	-
-	-14 847	Acquisition of subsidiary, net of cash acquired		-	-14 847	-32 454
-	-3 627	Change in other investing activities		-	-3 836	-4 716
-5 405	-20 012	Net cash flows from investing activities		-10 929	-22 472	-51 871
Cash flows from financing activities						
-1 427	-371	Payment of lease liabilities		-2 466	-738	-5 175
-	-	Prepayments of loans to associates		-	-	1 172
114 960	-	Proceeds from Equity Issue ¹⁾		114 960	-	-
113 533	-371	Net cash flows from financing activities		112 494	-738	-4 003
207 956	368 658	Cash balance start of period		257 022	382 256	382 255
-25 276	66 625	Net change in cash		-74 342	53 028	-125 233
182 680	435 283	Cash balance end of period		182 680	435 283	257 022

¹⁾ Net proceeds from private placement of NOK 120 million

Statement of changes in equity

NOK '000	Share capital	Share premium account	Other equity contrib.	Currency transl. Difference	Other equity	Equity attrib. to shareholders	Non-controlling interest	Total equity
Equity as at 1 Jan 2022	58	576 142	26 800	336	-92 081	511 254	-	511 254
Total comprehensive income	-	-	-	96	-43 265	-43 169	-180	-43 349
Cost of share-based payment	-	-	7 705	-	-	7 705	-	7 705
Non-controlling interest by acquisition	-	-	-	-	-	-	10 205	10 205
Equity as at 30 June 2022	58	576 141	34 505	433	-135 536	475 601	10 025	485 626
Equity as at 1 Jan 2023	1 161	575 039	34 162	-588	-176 919	432 855	4 963	437 818
Total comprehensive income	-	-	-	2 085	-2 076	9	-404	-395
Issue of share capital	100	114 860	-	-	-	114 960	-	114 960
Cost of share-based payment	-	-	4 844	-	-	4 844	-	4 844
Equity as at 30 Jun 2023	1 261	689 899	39 006	1 497	-178 995	552 668	4 559	557 226

1) Net proceeds from private placement of NOK 120 million

Notes to the financial statements

Note 1 – Organisation and basis for preparation

Corporate information

HydrogenPro ASA ("the Company") is a public limited company, incorporated in Norway, headquartered in Porsgrunn and listed on Oslo Stock Exchange. 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 aspire 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.

HydrogenPro is listed on 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 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, 2022, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

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 2022.

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
- Impairment of goodwill and intangible assets
- Fair value valuation financial assets

Refer to the annual report of 2022 for more details related to key judgement and estimations.

Note 2 – Revenue from contracts with customers and segments

Geographical region

Q2 2023	Q2 2022	NOK '000	YTD 2023	YTD 2022	FY 2022
Geographical region					
28	172	Norway	902	1 170	4 885
633	2	Europe	743	112	-13
126 045	7 288	America	203 591	14 608	41 370
10 333	313	Asia Pacific	15 228	672	10 172
137 039	7 775	Total revenue	220 464	16 562	56 414

The Group recognise revenue according to IFRS 15 and applies judgement that significantly affect the determination of timing and amounts of revenue from contracts with customers.

Each contract is assessed with respect to whether the revenue can be classified as customised and in turn recognised using 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 the projects are expected to result in losses the total estimated loss is recognised immediately.

The Group's revenue from contracts with customers are recognised from two principal sources: sale of electrolyser systems, and sale of

engineering services. The sale of engineering services are either in combination with sale of electrolyser systems or as a separate service, as in FEED studies. All project contracts recognised in 2023 were assessed to be customised and recognised over time. The significant increase in revenues, were mainly from the progress on the delivery of the ACES project (220 MW).

Revenue recognised at point of time was mainly related to the re-sale of surplus materials from production.

The Groups revenue and expenses are not allocated to different segments, and this is consistent with the internal reporting provided to the chief operating decision maker.

Q2 2023	Q2 2022	NOK '000	YTD 2023	YTD 2022	FY 2022
135 256	7 773	Revenue recognised over time	217 930	16 153	56 051
1 783	2	Revenue recognised at point of time	2 534	409	363
137 039	7 775	Total revenue	220 464	16 562	56 414

Q2 2023	Q2 2022	NOK '000	YTD 2023	YTD 2022	FY 2022
136 378	7 601	Revenue from sale of electrolyser system	218 929	15 283	51 521
661	174	Revenue from sale of FEED and case-studies	1 535	1 279	4 893
137 039	7 775	Total revenue	220 464	16 562	56 414

NOK '000	30 Jun 2023	31 Dec 2022
Contract assets		
Balances start of period (01 Jan)	19 828	456
Transfers from contract assets recognised at the beginning of the period to receivables	-19 828	-456
Increases due to measure of progress in the period	122 777	19 828
Balances end of period	122 777	19 828
Contract liabilities		
Balances start of period (01 Jan)	65 691	1 348
Revenue from amounts included in contract liabilities at the beginning of the period	-65 691	-1 259
Billing and advances received not recognised as revenue in the period	5 743	65 602
Balances end of period	5 743	65 691

Note 3 – Personnel expenses

The company has a share option programme covering board members and employees in senior positions. The total personnel expense recognised for the share-based programs, excluding social security, was NOK 3.1 million in second quarter 2023 and NOK 4.8 million year to date (NOK 7.4 million for the year 2022). This

included an expense of NOK 1.4 million related to the extension of expiration date for 1.706.000 options held by Ellen Hanetho (Chair of Board of Directors), decided by the Board of Directors 8 May 2023.

Note 4 – Intangible assets

NOK '000	Technology	Patent and licenses	Goodwill	Total
Purchase cost 1 Jan 2023	41 366	11 742	21 935	75 043
Acquisition of subsidiary	-	-	-	-
Impairment	-	-	-	-
Disposals	-	-	-	-
Purchase cost 30 Jun 2023	41 366	11 742	21 935	75 043
Accumulated depreciation 1 Jan 2023	8 279	2 348	-	10 627
Depreciation year to date 2023	2 068	1 174	-	3 242
Net book value 30 Jun 2023	31 019	8 220	21 935	61 173

Economic life

5 years

5 years

Depreciation method

linear

linear

The Group's intangible assets comprises technology following the acquisition of HydrogenPro Denmark (Advance Surface Plating ApS), patent and licences relating to FEED-studies to be used in the further development of 100 MW production plants and goodwill

following the acquisition of 75 per cent of the shares of HydrogenPro Tianjin CO Ltd.

No additions of intangible assets have been recognised year to date 2023.

Note 5 – Property, plant, equipment and right-of-use asset

NOK'000	Plant and machinery	Movables	Machinery and plant in progress	Right-of-use assets	Total
Purchase cost 1 Jan 2023	55 503	4 686	597	21 405	82 191
Additions	10 802	95	32	6 898	17 827
Remeasurements/Modifications	-	-	-	118	118
From Machinery and plant in progress	636	-	-636	-	-
Acquisition of subsidiary	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange differences	2 896	410	39	604	3 949
Purchase cost 30 Jun 2023	69 836	5 191	32	29 025	104 085
Accumulated depreciation 1 Jan 2023	4 618	630	-	3 780	9 028
Depreciation year to date 2023	3 651	333	-	3 340	7 324
Exchange differences	187	32	-	8	227
Net book value 30 Jun 2023	61 381	4 196	32	21 897	87 506

Economic life	5-10 years	5-10 years
Depreciation method	linear	linear

Property, plant and equipment and right of use assets mainly relate to the production plant facility in Tianjin China and Aarhus, Denmark, the Technology Centre at Herøya, Norway and office facilities in Norway, Denmark and China.

Total additions year to date in 2023 were NOK 17.8 million. Additions of NOK 10.8 million in Plant and machinery were mainly related to investments made to increase manufacturing capacity in China. NOK 6.9 million were recognised as right-of-use assets following a new lease for office space in Oslo, Norway.

Note 6 – Fair value financial assets

HydrogenPro has joined as a co-investor by financing DG Fuels LLC's ("DG Fuels") sustainable aviation fuel (SAF) project. The convertible receivable is measured at fair value through profit or loss based on the level 3 in the fair value hierarchy.

Level 3 has been defined as follows:

- Value measurements of assets or liabilities that are not based on observed market values.

NOK'000	30 Jun 2023	31 Dec 2022
Fair value measurement categorized as level 3		
Convertible receivables start of period (01 Jan)	52 056	26 458
Unrealised change in value for the period recognized in the income statement	21 479	22 485
Effect of foreign currency translation	6 818	3 113
Convertible receivables end of period	80 353	52 056

The initial closing date was 29 October 2021, and HydrogenPro's contribution was NOK 25.0 million (USD 3 million). The fair value valuation of the conversion note is done by the Group in connection with external advisor.

During the second quarter of 2023, DG Fuels issued new convertible bonds, secured financing and entered FEED-phase (FEL 3). The positive development has had an effect on the fair value measurement of the convertible. The fair value of the conversion rights has been calculated to be NOK 52.2 million (USD 4.8 million)

at 30 June 2023. The significant unobservable inputs used in the fair value measurement are price of the underlying and implied volatility. Total value of the convertible receivable is the sum of bond and convertible rights and amounts to NOK 80.4 million (USD 7.5 million). The change in fair value was NOK 21.5 million and was recognised through profit and loss.

Sensitivity analysis

Based on changes in price of the underlying ranging from NOK 71.0 million to NOK 118.3 million (USD 6.6 million to USD 11.0 million) and changes in volatility ranging from 24% to 34%, the value of the conversion rights is calculated in an interval from NOK 28.1 million to NOK 75.8 million (USD 2.7 million to USD 7.0 million).

Note 7 – Inventory

NOK'000	30 Jun 2023	31 Dec 2022
Inventory		
Work in progress	-	2 861
Raw material	42 082	32 901
Carrying amount	42 082	35 762

Inventories comprises purchased raw material and work in progress. Raw material includes parts that become an integrated part of finished goods.

Obsolescence is considered for inventories and as of 30 June 2023 (and 31 December 2022) there were no write-downs performed on obsolete goods.

Note 8 – Overview of Group companies

Company	Country	Main operations	Ownership interest		Voting power	
			30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
Advanced Surface Plating ApS	Denmark	Technology industries	100 %	100 %	100 %	100 %
HydrogenPro Tianjin CO Ltd	China	Technology industries	75 %	75 %	75 %	75 %
HydrogenPro Shanghai CO Ltd	China	Technology industries	100 %		100 %	
Kvina Energy AS	Norway	Technology industries	50 %	50 %	50 %	50 %
HydrogenPro France*	France	Technology industries	100 %	100 %	100 %	100 %
HydrogenPro Inc*	United States of America	Technology industries	100 %	100 %	100 %	100 %

*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.

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 IFRS.

HydrogenPro's financial APMs:

- **Gross profit** is defined as revenue from contracts with customers less cost of goods sold. Gross profit margin represents gross profit as a percentage of revenue from contracts with customers.
- **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 recognised in business combinations for continuing operations.
- **Order Intake** is defined as firm purchase orders 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 firm purchase orders with agreed price, volume, timing, terms and condition and where revenue is yet to be recognised. The backlog includes both contracts and change orders. For service contracts and contracts with uncertain transaction price, the backlog is based on estimated revenue. The measure does not include potential change orders.

Reconciliations of the APMs to the most directly reconcilable line item, subtotal or total presented in the financial statements are presented below:

Q2 2023	Q2 2022		NOK million	YTD 2023	YTD 2022	FY 2022
137.0	7.8		Revenue from contracts with customers	220.5	16.6	56.4
107.5	8.1	-	Cost of goods sold	178.4	11.4	44.4
29.6	-0.3	=	Gross profit/(loss)	42.1	5.2	12.0
29.6	-0.3		Gross profit/(loss)	42.1	5.2	12.0
137.0	7.8	/	Revenue from contracts with customers	220.5	16.6	56.4
21.6 %	-3.8 %	=	Gross profit margin	19.1 %	31.4 %	21.3 %
29.6	-0.3		Gross profit/(loss)	42.1	5.2	12.0
21.8	14.4	-	Personnel expenses	37.6	27.8	62.8
13.1	11.0	-	Other operating expenses	26.8	21.4	54.5
-5.3	-25.7	=	EBITDA	-22.4	-44.0	-105.3
-5.3	-25.7		EBITDA	-22.4	-44.0	-105.3
0.9	5.5	+	Non-cash cost of incentive programs/payrolls	2.1	10.0	10.3
0.0	0.3	+	Non-cash accruals/provisions	0.0	0.7	0.7
-4.4	-19.9	=	Adj. EBITDA (excl. non-cash operating expenses)	-20.2	-33.2	-94.3
-5.3	-25.7		EBITDA	-22.4	-44.0	-105.3
5.6	2.8	-	Depreciation and amortization expenses	10.6	5.3	14.0
-10.8	-28.5	=	Operating profit/(loss) (EBIT)	-32.9	-49.3	-119.2

Q2 2023	Q2 2022		NOK million	YTD 2023	YTD 2022	FY 2022
5.4	1.5		Purchases of tangible assets	10.9	3.8	14.7
0.0	0.0	+	Purchases of intangible assets	0.0	0.0	0.0
5.4	1.5	=	Investments before acquisitions	10.9	3.8	14.7
0.0	14.8	+	Investments due to acquisitions	0.0	14.8	32.5
5.4	16.4	=	Investments after acquisitions	10.9	18.6	47.2
648.0	25.7		Order backlog start of period	747.0	33.3	33.3
7.1	773.0	+	Order intake	7.1	773.0	773.0
-135.3	-7.8	-	Revenue from project contracts with customers	-217.9	-16.2	-56.1
28.3	3.1	+/-	Revaluation	12.0	3.8	-3.3
548	794	=	Order backlog end of period	548	794	747

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of interim consolidated financial statements at 30 June 2023 and for the six-month period 1 January to 30 June 2023 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and give a true and fair view of the Group's assets, liabilities, financial position and the result for the period viewed in their entirety, and that the half-year report in accordance with the Norwegian Securities Trading Act section 5-6 fourth paragraph includes a fair review of any significant events that arose during the six-month period and their effect on the half-year financial report, any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months this year.

Porsgrunn/Oslo, 14 August 2023
The board of Directors
(All signatures electronically signed)

Ellen M. Hanetho
Chair of the Board

Richard Espeseth
Board Member

Terje Mikalsen
Board Member

Jarle Tautra
Board Member

Asta Stenhagen
Board Member

Jarle Dragvik
CEO



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Norway

Report on Review of Interim Financial Information

To the board of HydrogenPro ASA

We have reviewed the accompanying consolidated balance sheet of HydrogenPro ASA as of June 30, 2023 and the related consolidated statement of comprehensive income, cash flow statement and statement of change in equity for the six-month period then ended, 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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at June 30, 2023, 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 and prepared in accordance with IAS 34 Interim Financial Reporting.

BDO AS

Espen Åsulfsen
State Authorized Public Accountant
(signed electronically)

Penneo Dokumentnøkkel: N3Z3W-SEKNG-IZKED-C353L-8EUNW-ZE6TD



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