



Quarterly report
Q3 2023

Hydrogen pro

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About HydrogenPro

HydrogenPro designs and supplies large scale hydrogen technology & systems in collaboration 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

Q3 2023 Highlights

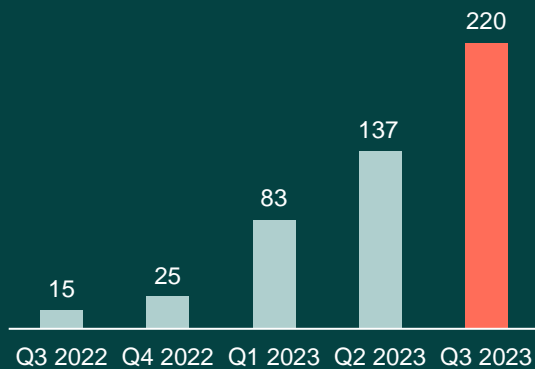
- Revenues for the quarter of NOK 220 million,
 - » Up 61% from Q2 (NOK 137 million)
- HydrogenPro to receive 100 MW order from ANDRITZ
 - » This includes 18 units of HydrogenPro's 5.5 MW cell stacks
- Several new FEED contracts announced:
 - » HydrogenPro partner ANDRITZ wins FEED study for Power-to-X project in Finland (200MW)
 - » HydrogenPro confirmed 200 MW FEED study with undisclosed energy company in southern Europe
- Appointment of Jarle Dragvik as new CEO from 8 August and revised priorities in the Group's strategy
 - » Focus on North American market
- HydrogenPro electrolyser validated by Mitsubishi
 - » Mitsubishi Power announced successful validation, installation, and operation of two large-scale HydrogenPro electrolysers

Subsequent events

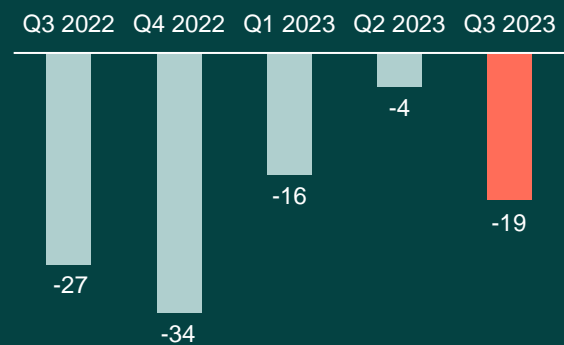
- Terje Mikalsen is appointed new chair of the board
 - » Mr. Mikalsen has extensive experience as an industrial leader, investor, and founder.

Financials

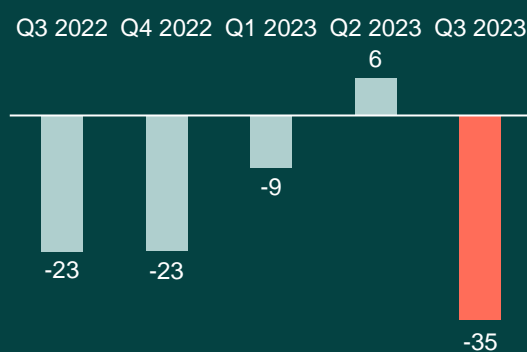
REVENUE
MNOK



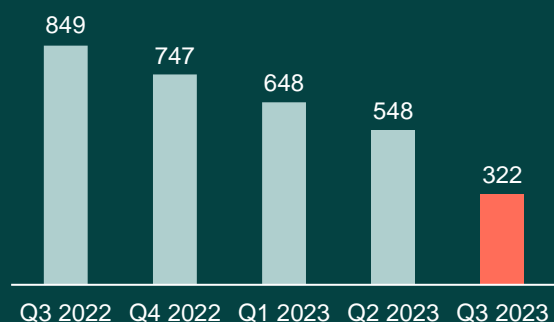
ADJ. EBITDA
MNOK



NET PROFIT
MNOK



BACKLOG
MNOK



Q3 2023 Summary

Developments during the quarter

Market development

The high activity level in the hydrogen market has continued in the third quarter of 2023 and large industrial players within energy and utilities are accelerating their role in shaping the large-scale green hydrogen sector.

During the last months we have seen leading players in several hard-to-abate sectors bringing their projects closer to FID by entering FEEDs as well as selecting suppliers for their long-planned projects. As the players in the industry is becoming gradually more professional, so is their expectations and requirements for counterparts. To win projects suppliers must demonstrate delivering capabilities, technical performance as well as a sound financial position.

HydrogenPro's sales pipeline growth remains robust with few project cancellations, further contributing to a growing base of large, solid projects in core markets. Historically, FEED studies are signs of mature projects being close to FID. HydrogenPro has during the last quarters intensified its focus towards securing a competitive edge by being part of early-stage FEED studies, and this have been successful by also entering new projects on such base during the last quarter, -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, although the projects in US also require a certain development time before a FID. HydrogenPro expects several FIDs for ongoing FEED studies to be made within the next 6 months, as well as new FEED's to be contracted in the same time span. On 13 October 2023 President Biden and Energy Secretary Jennifer Granholm announced seven regional clean hydrogen hubs that were selected to receive USD 7 billion in Bipartisan Infrastructure Law funding to accelerate the domestic market for low-cost, clean hydrogen. The hubs are created to develop a well-functioning value chain that will accelerate the ambition to reach the One dollar/One Kilo/10 years program (2031). The expected production volume is 25 million tons annually whereof 2/3 of the production will be green, based on electrolysis (approximately 16,6 million tons annually). This is expected to further increase the demand for HydrogenPro's large-scale hydrogen technology & systems.

For the European market, we see a fast-growing pipeline for our common EPC approach towards major European industrial players, especially within the steel and Power-to-X market. As number of projects in total now are reaching a critical volume, both with regards to manufacturing volumes and human resources, it will be even more imperative to properly prioritize projects based on their expected viability and likelihood for implementation.

US expansion plans are being re-evaluated

Following the revised priorities presented by board of directors 8 August 2023, HydrogenPro re-evaluates the previously announced plan to establish a manufacturing facility in Texas. The US market is

still a top priority to HydrogenPro, and the company plan to establish a strong footprint near customers with large projects, building a strong OEM position in the country.

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

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.

10-year anniversary

2 August 2023 marked the 10-year anniversary for HydrogenPro. The event was celebrated in late August with employees and guests.

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

8 August Jarle Dragvik was announced as new CEO. Mr. Dragvik came from the position as 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 while maintaining HydrogenPro's position as technology leader and a competent European organization.

HydrogenPro to receive 100 MW order from ANDRITZ

20 September HydrogenPro announced an incoming order from ANDRITZ for 18 units of HydrogenPro's 5.5 MW cell stacks.

Airbus announces partnership with HydrogenPro customer DG Fuels

DG Fuels announced 12 September that Airbus has become a strategic partner and investor.

HydrogenPro electrolyser's validated by Mitsubishi

21 September Mitsubishi Power announced successful validation, installation, and operation of two large-scale HydrogenPro electrolysers, one in Herøya, Norway and one in Takasago, Japan.

Received payments from ACES project

In accordance with previous communication, HydrogenPro has received payments from customer after delivering to the ACES project.

Subsequent events

Appointment of Terje Mikalsen as Chair of the Board

4 October Ellen Hanetho, former chair of the board, decided to step down with immediate effect. Terje Mikalsen is the new chair. Mr. Mikalsen has been instrumental to HydrogenPro since 2013.

He has extensive experience as an industrial leader, investor, and founder, with experience from Norsk Data and Hafslund Nycomed, among others.

Outlook

The overall outlook for the green hydrogen market which HydrogenPro operates in is developing positively, as projects and players in the industry are becoming more mature. HydrogenPro is well positioned to take advantage of these developments. As the projects are becoming larger and more complex, HydrogenPro's demonstrated ability to deliver on large-scale industrial projects makes the company a preferred partner for potential customers. 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.

For HydrogenPro, the key to success is to see more projects crossing the FID line, with HydrogenPro as the preferred partner. Securing firm purchase orders is HydrogenPro's main priority, to generate revenues and cash flow to spur further growth.

As HydrogenPro owns the manufacturing facilities in China, manufacturing can be adjusted in accordance with demand. Following the completion of the ACES project in 2023, it is expected

that manufacturing load will decrease in the beginning of 2024, with corresponding lowering of cost base.

HydrogenPro's plans for US expansion stays firm, however it is decided to re-evaluate the announced plan to build a manufacturing facility in Texas. Lessons learnt from project deliveries in the US has demonstrated challenges with regards to logistics and transportation of assembled electrolysers and gas separator skids. This, in addition to the life cycle partner strategy of HydrogenPro indicates need for assembly stations in close proximity to customer sites. Moreover, further visibility on US legislative frameworks and funding schemes is needed, including insight into decision on requirement for local US content. HydrogenPro is not actively commencing preparations for listing at the Nasdaq stock exchange but is continuously considering this as a possibility.

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

Q3 2023	Q2 2023	Q3 2022	NOK million	YTD 2023	YTD 2022	FY 2022
220.5	137.0	14.6	Revenue from contracts with customers	440.9	31.1	56.4
198.0	107.5	11.5	Cost of goods sold	376.4	22.9	44.4
22.4	29.6	3.1	Gross profit/(loss)	64.5	8.3	12.0
24.5	20.9	16.1	Personnel expenses	60.0	33.9	52.4
16.9	13.0	14.4	Other operating expenses	43.7	35.2	53.9
-19.0	-4.4	-27.4	Adj. EBITDA (excl. non-cash operating expenses)	-39.2	-60.8	-94.3
4.5	0.9	1.5	Non-cash cost of incentive programs/payrolls	6.7	11.5	10.3
6.7	0.0	0.1	Non-cash provisions with limited predictive value	6.8	0.7	0.7
-30.2	-5.3	-29.1	EBITDA	-52.6	-73.0	-105.3
5.7	5.6	3.3	Depreciation and amortization expenses	16.2	8.5	14.0
-35.9	-10.8	-32.3	EBIT	-68.8	-81.6	-119.2
0.8	17.3	8.9	Net financial income and expenses	31.3	15.9	29.3
-35.0	6.5	-23.4	Profit/(loss) before income tax	-37.5	-65.7	-89.9
-	-	-	Income tax expense	-	1.0	-0.1
-35.0	6.5	-23.4	Profit/(loss)	-37.5	-66.7	-89.8

HydrogenPro generated revenues of NOK 220.5 million during the third quarter 2023, NOK 83.4 million (61%) higher than second quarter 2023, and NOK 205.9 million (> 14x) higher than the same period in 2022. The Group's revenue year to date 2023 was NOK 440.9 million compared to NOK 31.1 million year to date 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 2.

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 198.0 million vs. NOK 107.5 million in the second quarter 2023 (NOK 11.5 million in third quarter 2022). Year to date Cost of goods sold was NOK 376.4 million compared to NOK 22.9 million in the same period of 2022. Cost of goods sold reflect project progress but also increased due to temporary challenges in manufacturing and includes costs for variation orders and a write-down of obsolete inventory in the third quarter.

Gross profit during the quarter was NOK 22.4 million vs. NOK 29.6 million in second quarter 2023 (NOK 3.1 million in third quarter 2022.). Year to date the Group's Gross profit was NOK 64.5 million compared to NOK 8.3 million in the same period of 2022. Gross

profit was affected by the increase in cost of goods sold during the quarter, as previously described.

Personnel expenses increased from NOK 20.9 million in second quarter 2023 to NOK 24.5 million in third quarter 2023 (NOK 16.1 million in third 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 16.9 million in third quarter 2023 compared to NOK 13.0 million in second quarter 2023 (NOK 14.4 million in third quarter 2022). The increase is mainly due to an increase in provisions for warranty accruals, partly offset by recognition of R&D grants.

The decrease in gross profit and increase in other operating expenses resulted in an adjusted EBITDA of NOK -19.0 million in third quarter 2023 compared to NOK -4.4 million in second quarter 2023 (NOK -27.4 million in third quarter 2022). Adjusted EBITDA year to date 2023 was NOK -39.2 million compared to NOK -60.8 year to date 2022.

In the third quarter HydrogenPro recognised NOK 4.5 million in costs for incentive programs and payroll settlement. The Group also made other provisions totalling NOK 6.7 million, mainly related to the settlement with customer to buy back an electrolyser unit.

EBITDA ended at NOK -30.2 million in third quarter 2023 vs. NOK -5.3 million during second quarter 2023 (NOK -29.1 million in third quarter 2022). EBITDA was NOK -52.6 million year to date 2023, compared with NOK -73.0 million year to date 2022.

EBIT in third quarter 2023 amounted to NOK -35.9 million vs. NOK -10.8 million in second quarter 2023 (NOK -32.3 million in third quarter 2022). Year to date in 2023 EBIT was NOK -68.8 million compared to NOK -81.6 in the same period in 2022.

Depreciation & amortization expenses was NOK 5.7 million in third quarter 2023 vs. NOK 5.6 million in second quarter 2023 (NOK 3.3 million in third quarter 2022).

Net profit/(loss) (after tax) for the third quarter 2023 ended at NOK -35.0 million vs. a profit of NOK 6.5 million in second quarter 2023 (NOK -23.4 million in third quarter 2022). The Group's net profit/(loss) year to date ended at a loss of NOK -37.5 million compared to a loss of NOK -66.7 million year to date 2022.

The order backlog amounted to NOK 322 million as of 30 September 2023 vs. NOK 548 million as of 30 June 2023 (747 million as of 31 December 2022).

Net financial items

Q3 2023	Q2 2023	Q3 2022	NOK million	YTD 2023	YTD 2022	FY 2022
0.6	0.7	0.8	Interest income	2.5	1.9	3.4
0.5	-4.5	8.2	Net foreign exchange	8.0	14.3	4.2
-0.3	21.2	-0.1	Other finance income/(expense)	20.8	-0.3	21.7
0.8	17.3	8.9	Net financial items	31.3	15.9	29.3

Net financial items in third quarter 2023 amounted to NOK 0.8 million vs NOK 17.3 million in second quarter 2023 (NOK 8.9 in third quarter 2022). Net financial items year to date 2023

amounted to NOK 31.3 million compared to NOK 15.9 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 Sep 2023	30 Jun 2023	31 Dec 2022
Assets			
Intangible assets	59.6	61.2	64.4
Plant, machinery and equipment	63.4	65.6	55.5
Financial fixed assets	101.3	106.9	74.5
Total fixed assets	224.3	233.7	194.5
Current operating assets	351.0	266.7	121.7
Cash and cash equivalents	133.0	182.7	257.0
Total current assets	484.0	449.4	378.7
Total Assets	708.3	683.1	573.2
Equity and liabilities			
Total equity	526.7	557.2	437.8
Total long-terms liabilities	15.2	15.5	11.3
Total short-term liabilities	166.3	110.4	124.0
Total liabilities	181.5	125.9	135.3
Total equity and liabilities	708.3	683.1	573.2

Total assets as of 30 September 2023 amounted to NOK 708.3 million. Total fixed assets amounted to NOK 224.3 million, whereof NOK 59.6 million in intangible assets, NOK 63.4 million in plant, machinery, and equipment and NOK 101.3 million in financial fixed assets.

Total current assets amounted to NOK 484.0 million, whereof NOK 133.0 million in cash and deposits and NOK 351.0 million in other current assets. The increase in current assets was mainly due to an increase in contract assets related to the ACES project.

Total equity amounted to NOK 526.7 million. The book equity ratio as of 30 September 2023 was 74.4% compared to 81.6% on 30 June 2023 (76.4% as of 31 December 2022).

Total liabilities amounted to NOK 181.5 million as of 30 September 2023, whereof 166.3 million in short-term liabilities and NOK 15.2 million in long-term liabilities. The increase in short-term liabilities is primarily due to an increase in trade payables and other short-term liabilities, including current provisions for warranty accruals as a consequence of project activity (see note 8). This is partly offset by a decrease in contract liabilities.

Cash flow

Q3 2023	Q2 2023	Q3 2022	NOK million	YTD 2023	YTD 2022	FY 2022
182.7	208.0	435.3	Cash balance start of period	257.0	382.3	382.3
-48.5	-133.4	-71.9	Net cash flow from operating activities	-224.4	4.3	-69.4
-1.2	-5.4	-20.2	Net cash flow from investing activities	-12.1	-42.7	-51.9
-0.0	113.5	-0.4	Net cash flow from financing activities	112.5	-1.1	-4.0
-49.7	-25.3	-92.5	Total changes in cash	-124.0	-39.5	-125.2
133.0	182.7	342.8	Cash balance end of period	133.0	342.8	257.0

Net change in cash position during third quarter 2023 was NOK -49.7 million compared to NOK -25.3 million in the second quarter 2023 (NOK -92.5 million in third quarter 2022). Year to date 2023 net change in cash position was NOK -124.0 million compared to NOK -39.5 million in the same period of 2022.

Net cash flow from operating activities was NOK -48.5 million in third quarter 2023 compared to NOK -133.4 million in second quarter 2023 (NOK -71.9 million in third quarter 2022), mainly due to an increase in contract assets, partly offset by an increase in accruals. 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. By the end of October 2023 cash balance was NOK 235.3 million.

During the third quarter 2023 net cash flow from investing activities was NOK -1.2 million vs NOK -5.4 million in second quarter 2023 (NOK -20.2 million in third quarter 2022).

Net cash flow from financing activities was NOK -0.0 million compared to NOK 113.5 million in second quarter 2023 (NOK -0.4 million in third quarter 2022), mainly due to net proceeds from equity issue in June 2023.



Financial statements

Consolidated statement of comprehensive income

Q3 2023	Q3 2022	NOK '000	Notes	YTD 2023	YTD 2022	FY 2022
Operating income and operating expenses						
220 461	14 572	Revenue from contracts with customers	2	440 926	31 133	56 414
220 461	14 572	Total revenue		440 926	31 133	56 414
198 033	11 493	Cost of goods sold		376 425	22 858	44 372
29 048	17 617	Personnel expenses	3	66 659	45 403	62 768
5 680	3 254	Depreciation and amortization expenses	4, 5	16 246	8 546	13 990
23 571	14 534	Other operating expenses	8	50 416	35 913	54 526
-35 872	-32 326	Operating profit / (loss)		-68 821	-81 587	-119 242
-	-	Fair value adjustment for financial instruments	6	21 479	-	22 485
8 362	9 185	Financial income	6	24 370	18 380	17 874
7 532	268	Financial expenses		14 550	2 492	11 016
830	8 917	Net financial income and expenses		31 299	15 888	29 343
-35 042	-23 409	Profit / (loss) before income tax		-37 522	-65 699	-89 899
-	-18	Income tax expense		-	957	-80
-35 042	-23 391	Profit / (loss) for the year		-37 522	-66 656	-89 819
Other comprehensive income:						
<i>Items that may be reclassified to profit or loss:</i>						
531	-724	Exchange difference on translation of foreign operations		2 616	1 182	-415
531	-724	Net Other comprehensive income		2 616	1 182	-415
-34 511	-24 115	Total comprehensive profit / (loss) for the year		-34 906	-65 474	-90 234
Total comprehensive profit / (loss) for the year attributable to:						
-32 613	-22 109	Equity holders of the parent company		-32 014	-63 287	-85 303
-1 898	-2 007	Non-controlling interest		-2 892	-2 187	-4 931
Earnings per share (in NOK)						
-0.52	-0.38	Basic and diluted earnings per ordinary share¹⁾		-0.58	-1.09	-1.46

1) Based on average 59.94 million shares outstanding for the purpose of earnings per share

Consolidated balance sheet

NOK '000	Note	30 Sep 2023	31 Dec 2022
Assets			
Intangible assets	4	59 552	64 415
Property, plant and equipment	5	63 361	55 537
Right of use assets	5	17 138	17 625
Financial assets	6	79 244	52 056
Other receivables		4 967	4 820
Total non-current assets		224 262	194 453
Current assets			
Inventories	7	20 328	35 762
Trade receivables		18 290	18 585
Contract assets	2	248 496	19 828
Other receivables		63 907	47 514
Cash and bank deposits		133 016	257 022
Total current assets		484 037	378 711
Total assets		708 299	573 164
Equity			
Equity attributable to HydrogenPro's shareholders		524 678	432 855
Non-controlling interest		2 071	4 963
Total equity		526 749	437 818
Liabilities			
Non-current lease liabilities		10 624	11 332
Non-current provisions	8	4 596	-
Total non-current liabilities		15 221	11 332
Current liabilities			
Current lease liabilities		6 137	5 124
Trade creditors		84 183	20 578
Contract liabilities	2	1 760	65 691
Public duties payable		5 885	10 797
Other short term liabilities	8	68 363	21 824
Total current liabilities		166 329	124 014
Total liabilities		181 549	135 346
Total equity and liabilities		708 299	573 164

Cash flow statements

Q3 2023	Q3 2022	NOK '000	Notes	YTD 2023	YTD 2022	FY 2022
Cash flows from operating activities						
-35 042	-23 409	Profit / (loss) before income tax		-37 522	-65 699	-89 899
5 680	3 254	Depreciation, amortization & impairment		16 246	8 546	13 990
2 131	1 787	Option cost no cash effect		6 974	9 831	8 592
-	-	Fair value adjustment for financial instruments	6	-21 479	-	-22 485
-128 201	-13 792	Change in accounts receivable and contract assets		-228 373	-8 751	-25 371
21 754	-6 992	Change in inventory		15 434	-6 997	-35 455
12 941	2 168	Change in accounts payable and contract liabilities		-326	2 043	17 222
2 707	361	Effect of foreign currency translation		-5 023	-3 762	-183
69 552	-35 283	Change in other accruals		29 684	69 122	64 230
-48 478	-71 905	Net cash flows from operating activities		-224 385	4 332	-69 359
Cash flows from investing activities						
-1 153	-9 631	Purchases of tangible assets	5	-12 082	-13 420	-14 701
-	-8 067	Acquisition of subsidiary, net of cash acquired		-	-22 914	-32 454
-	-2 511	Change in other investing activities		-	-6 347	-4 716
-1 153	-20 210	Net cash flows from investing activities		-12 082	-42 681	-51 871
Cash flows from financing activities						
-1 936	-375	Payment of lease liabilities		-4 402	-1 114	-5 175
-	-	Prepayments of loans to associates		-	-	1 172
1 903	-	Proceeds from Equity Issue		116 863	-	-
-33	-375	Net cash flows from financing activities		112 461	-1 114	-4 003
182 680	435 282	Cash balance start of period		257 022	382 256	382 255
-49 664	-92 490	Net change in cash		-124 006	-39 464	-125 233
133 016	342 792	Cash balance end of period		133 016	342 792	257 022

Statement of changes in equity

NOK '000	Share capital	Share premium account	Other equity contrib.	Currency translat. Difference	Other equity	Equity attrib. to share-holders	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	-	-	-	-1 182	-64 469	-65 652	-2 187	-67 839
Issue of share capital	1 102	-1 102	-	-	-	-	-	-
Cost of share-based payment	-	-	8 621	-	-	8 621	-	8 621
Non controlling interest by acquisition	-	-	-	-	-510	-510	10 205	9 516
Equity as at 30 Sep 2022	1 160	575 039	35 421	-1 356	-156 550	453 715	7 838	461 553
Equity as at 1 Jan 2023	1 161	575 039	34 162	-588	-176 919	432 855	4 963	437 818
Total comprehensive income	-	-	-	2 616	-34 630	-32 014	-2 892	-34 906
Issue of share capital ¹⁾	105	116 758	-	-	-	116 863	-	116 863
Cost of share-based payment	-	-	6 974	-	-	6 974	-	6 974
Equity as at 30 Sep 2023	1 266	691 797	41 136	2 028	-211 549	524 678	2 071	526 749

1) Includes 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
- Provision for warranty accruals
- 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

Q3 2023	Q3 2022	NOK '000	YTD 2023	YTD 2022	FY 2022
Geographical region					
2 274	1 119	Norway	3 176	2 289	4 885
3 165	100	Europe	3 908	212	-13
210 498	12 408	America	414 089	27 016	41 370
4 524	944	Asia Pacific	19 752	1 616	10 172
220 461	14 572	Total revenue	440 926	31 133	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.

Liquidated Damages (LDs) are penalties for not achieving defined milestones on time. Total liquidated damages are considered variable payments in a contract. At each reporting period HydrogenPro reassess expected variable payment and consider if any or whole is constrained. Expected variable payment is estimated based on facts and circumstances, including past performance. The Group only include the amount (some or all) in

the transaction price if it is highly probable that there won't be a significant change in the revenue recognised once the uncertainty is resolved (referred to as constraint).

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 resale 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.

Q3 2023	Q3 2022	NOK '000	YTD 2023	YTD 2022	FY 2022
219 719	13 955	Revenue recognized over time	437 649	30 108	56 051
742	616	Revenue recognized at point of time	3 276	1 025	363
220 461	14 572	Total revenue	440 926	31 133	56 414

Q3 2023	Q3 2022	NOK '000	YTD 2023	YTD 2022	FY 2022
214 280	13 352	Revenue from sale of electrolyser system	433 209	28 635	51 521
6 181	1 219	Revenue from sale of FEED and case-studies	7 716	2 498	4 893
220 461	14 572	Total revenue	440 926	31 133	56 414

NOK '000	30 Sep 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	248 496	19 828
Balances end of period	248 496	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	1 760	65 602
Balances end of period	1 760	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 1.7 million in third quarter 2023 and NOK 6.0 million year to date (NOK 7.4 million for the year 2022). This included an expense of NOK 1.5 million related to the extension of

expiration date for 1.706.000 options held by Ellen Hanetho (formerly Chair of Board of Directors), decided by the Board of Directors 8 May 2023 and 5 July 2023 as well as NOK 0.1 million related for 163.005 options held by TM Holding AS (owned by Terje Mikalsen, Chair of Board of Directors) decided by the Board of directors 5 July 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 Sep 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	3 102	1 761	-	4 863
Net book value 30 Sep 2023	29 985	7 633	21 935	59 552

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	11 889	192	-	6 898	18 980
Remeasurements/Modifications				-2 554	-2 554
From Machinery and plant in progress	636	-	-636		-
Acquisition of subsidiary	-	-	-		-
Disposals	-	-	-		-
Exchange differences	1 601	275	39	460	2 375
Purchase cost 30 Sep 2023	69 629	5 153	-	26 209	100 991
Accumulated depreciation 1 Jan 2023	4 618	630	-	3 780	9 028
Depreciation year to date 2023	5 574	556	-	5 253	11 383
Exchange differences	37	7	-	37	81
Net book value 30 Sep 2023	59 400	3 961	-	17 138	80 499

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 19.0 million. Additions of NOK 11.9 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. The lease term was adjusted in the third quarter due to termination of the contract.

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 Sep 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	5 708	3 113
Convertible receivables end of period	79 244	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 had an effect on the fair value measurement of the convertible and a change in fair value of NOK

21.5 million was recognised through profit and loss. Strategic partners and investors, including Airbus, was announced in the third quarter. No other events have occurred in the third quarter, which have had significant effect on the fair value measurement of the convertible note.

The fair value of the conversion rights has been calculated to be NOK 51.5 million (USD 4.8 million) as at 30 September 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 79.2 million (USD 7.5 million).

Sensitivity analysis

Based on changes in price of the underlying ranging from NOK 70.0 million to NOK 116.6 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 28.5 million to NOK 74.8 million (USD 2.7 million to USD 7.0 million).

Note 7 – Inventory

NOK '000	30 Sep 2023	31 Dec 2022
Inventory		
Work in progress	-	2 861
Raw material	20 328	32 901
Carrying amount	20 328	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 September 2023 there were write-downs of obsolete goods of NOK 8.8 million (no write-downs as of 31 December 2022).

Note 8 – Provisions

NOK '000	Accrued Warranty	Other provisions	30 Sep 2023	31 Dec 2022
Provisions				
Balances start of period (01 Jan)	-	-	-	-
Additions	11 491	6 318	17 809	-
Used during the year	-	-	-	-
Changes in estimates	-	-	-	-
Exchange differences	-	-	-	-
Balances end of period	11 491	6 318	17 809	-
Current provisions	6 895	6 318	13 213	-
Non-current provisions	4 596	-	4 596	-

Estimated warranty obligations are recorded in the period in which the related revenue is recognised or when a project is installed or commissioned. Warranty is based on both contractual commitments and caused by liability under background law.

The Groups warranties provides assurance that the electrolyzers are not defect and complies with required specifications and is accounted for under IAS 37 as a provision and an other operating expense. Accrued warranty provision is normally based on

experience and provision often comprises a percentage of revenue from contracts with customers.

As historical experience is limited, the Group considers, and estimate based on available industry data, any documented product failure rates and expected material and labour costs for the project.

Other provisions include provisions for settlements and claims.

Note 9 – Overview of Group companies

Company	Country	Main operations	Ownership interest		Voting power	
			30 Sep 2023	31 Dec 2022	30 Sep 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:

Q3 2023	Q3 2022		NOK million	YTD 2023	YTD 2022	FY 2022
220.5	14.6		Revenue from contracts with customers	440.9	31.1	56.4
198.0	11.5	-	Cost of goods sold	376.4	22.9	44.4
22.4	3.1	=	Gross profit/(loss)	64.5	8.3	12.0
22.4	3.1		Gross profit/(loss)	64.5	8.3	12.0
220.5	14.6	/	Revenue from contracts with customers	440.9	31.1	56.4
10.2 %	21.1 %	=	Gross profit margin	14.6 %	26.6 %	21.3 %
22.4	3.1		Gross profit/(loss)	64.5	8.3	12.0
29.0	17.6	-	Personnel expenses	66.7	45.4	62.7
23.6	14.5	-	Other operating expenses	50.4	35.9	54.6
-30.2	-29.1	=	EBITDA	-52.6	-73.0	-105.3
-30.2	-29.1		EBITDA	-52.6	-73.0	-105.3
4.5	1.5	+	Non-cash cost of incentive programs/payrolls	6.7	11.5	10.3
6.7	0.1	+	Non-cash provisions with limited predictive value	6.8	0.7	0.7
-19.0	-27.4	=	Adj. EBITDA (excl. non-cash operating expenses)	-39.2	-60.8	-94.3
-30.2	-29.1		EBITDA	-52.6	-73.0	-105.3
5.7	3.3	-	Depreciation and amortization expenses	16.2	8.5	14.0
-35.9	-32.3	=	Operating profit/(loss) (EBIT)	-68.8	-81.6	-119.2

Q3 2023	Q3 2022		NOK million	YTD 2023	YTD 2022	FY 2022
1.2	9.6		Purchases of tangible assets	12.1	13.4	14.7
0.0	0.0	+	Purchases of intangible assets	0.0	0.0	0.0
1.2	9.6	=	Investments before acquisitions	12.1	13.4	14.7
0.0	8.6	+	Investments due to acquisitions	0.0	22.9	32.5
1.2	18.2	=	Investments after acquisitions	12.1	36.3	47.2
548.1	794.0		Order backlog start of period	747.0	33.3	33.3
7.0	3.2	+	Order intake	14.0	776.2	773.0
-219.7	-14.6	-	Revenue from project contracts with customers	-438.2	-31.1	-56.1
-13.3	66.4	+/-	Revaluation	-0.8	70.6	-3.3
322	849	=	Order backlog end of period	322	849	747



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