

Quarterly report
Q4 2023

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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

Q4 2023 Highlights

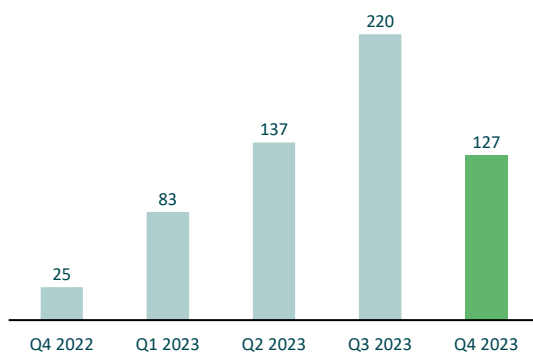
- **Revenues for the quarter of NOK 127 million** (vs. NOK 220 mill in Q3 2023, NOK 25 mill in Q4 2022)
- **Adj. EBITDA of NOK 12 mill.** (vs. NOK - 19 mill. in Q3 2023 and NOK -33 mill. in Q4 2022)
- **Confirmed 100 MW purchase order from ANDRITZ**
 - » 18 units of HydrogenPro's 5.5 MW cell stacks
- **Continued strengthening of the organization**
 - » Jeff Spethmann to lead North American operations from 1st of January 2024
 - » Terje Mikalsen appointed chair of the board from 4th of October 2023
- **Improved test facilities for 3rd generation technology**
 - » Feasibility study of electrode manufacturing

Subsequent events

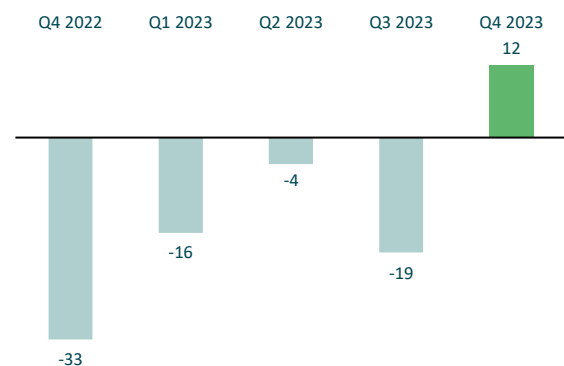
- **HydrogenPro awarded 300 MW FEED study in Texas, USA**

Financials

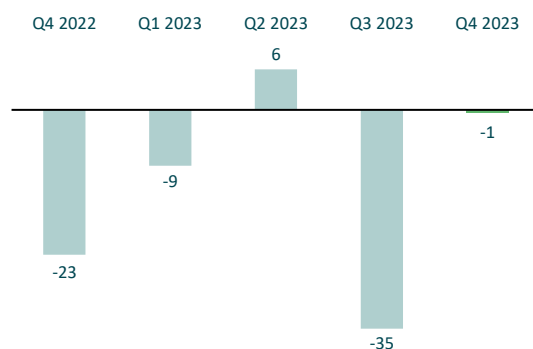
REVENUE
NOK million



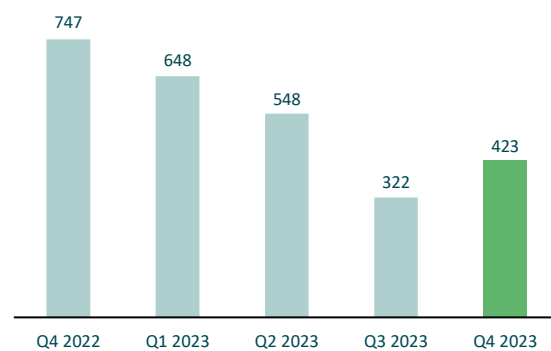
ADJ. EBITDA
NOK million



NET PROFIT
NOK million



BACKLOG
NOK million



Q4 2023 Summary

Developments during the quarter

Market development

The high activity level on inquiries has continued into 2024 and large industrial players within energy and utilities are accelerating their role in shaping the large-scale green hydrogen sector. However, the expected release of project investment decisions has not yet materialized. Due to lack of financing, uncertainty about funding regimes and legislations, combined with decreased natural gas prices, the economics in many green H2 projects has been affected, causing delays in FID.

During the last quarter, 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 are gradually being dominated by more mature and professional players, we also experience that higher expectations and requirements are expected from their OEM and EPC partners. To secure and succeed, projects suppliers must demonstrate delivering capabilities, technical performance as well as a sustainable financial position in a greater degree than previously, hence the decision process and project finalizations are impacted accordingly.

HydrogenPro’s sales pipeline growth remains stable with few project cancellations, further contributing to a sustainable base of large projects in core markets. Historically, FEED studies are signs of mature projects being close to FID. In recent quarters, HydrogenPro has sharpened its competitive edge by actively engaging in early-stage FEED studies, a strategy that has proven successful with the contracting of new FEED studies.

Long-term projections for North America continue to show high expectations for both the production and demand of low-carbon hydrogen. However, uncertainty in the final rules for incentive programs has delayed project decisions and development of the market. The draft rules for the low-carbon hydrogen production tax credit included in the Inflation Reduction Act (Section 45V) are in development and we expect they will be finalized this spring. Along with the hydrogen hubs, this incentive program is an important part of the project economics for our customers, and clarity will enable project developers to progress their projects. In the meantime, some of the projects that we’re supporting are progressing, and we continue to receive new inquiries for potential projects.

In the European market, we see a rapidly expanding pipeline of prospects in collaboration with partners towards major European industrial players, especially within the Green Steel, Refinery and Power-to-X market.

Several politically backed projects in Central and South Europe are proceeding after being assigned to be funded by the EU’s different funding regimes, as well as several more commercially based projects located in areas with a more favourable electrical power allocation have traction.

As the number of projects for HydrogenPro are reaching a critical volume, both with regards to manufacturing volumes and human resources, it will be increasingly important to properly prioritize projects based on their expected viability and likelihood for implementation when planning for capacity reservations and allocation of engineering resources for FEED and studies. Although projects are realised, we still see an overcapacity in the manufacturing ability, so being disciplined and agile in the ramp-up ability when projects being sanctioned will be essential.

HydrogenPro received 100 MW order from ANDRITZ.

The strategic partnership with Austrian industry giant Andritz is now bearing fruits with the first significant contract.

On 7 November Andritz confirmed an order of building a 100MW electrolysis plant at the Salzgitter Flachstahl GmbH site, using 18 of HydrogenPro’s 5.5 MW cell stacks. The purchase order will be manufactured during first half of 2024.

Updated North America strategy

Given the recent market backdrop combined with the need for further regulatory clarifications in the US, the previously announced plan to establish a manufacturing facility in Texas is now put on hold as both location and manufacturing model being assessed, together with local supply chain.

This does not alter the Company’s strong focus on the North American market. This market is 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.

Jeff Spethmann has been appointed CEO of HydrogenPro’s wholly owned subsidiary HydrogenPro Inc. Prior to joining HydrogenPro, Mr. Spethmann held the position as the Senior Vice President for Industrial Products at Donaldson Company Inc. a leading provider of filtration systems and replacement parts with 13,000 employees worldwide. HydrogenPro Inc. is currently building up its engineering staff with focus on commissioning competence.

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.

Improved facilities for fast-track electrode testing

The R&D department is the cornerstone in HydrogenPro’s world class technology. During the fall of 2023 alkaline electrolysis R&D test capabilities was expanded by building several new test facilities at HydrogenPro Denmark in Aarhus. The expansion is supported with grants from Energy Cluster Denmark, Innovation Fund Denmark, and EU Covid action.

After successful documentation of new electrodes, they will be tested at the Technology center in Porsgrunn, Norway.

Completion of ACES manufacturing

During the fourth quarter 2023 HydrogenPro completed manufacturing of the world’s largest (220MW) electrolyser purchase order for the ACES project. The ACES hub provides a complete end-to-end solution to produce, store, and convert renewable hydrogen to support carbon-free year-round power for Western US. Installation and commissioning will be conducted during second half of 2024.

Subsequent events

Awarded FEED study 300 MW in Texas, USA

HydrogenPro has been awarded a compensated Front-End Engineering Design (FEED) process to a prominent Green Ammonia Facility developer in Texas, USA.

Outlook

Financials

Income statement

Q4 2023	Q3 2023	Restated Q4 2022	NOK million	YTD 2023	Restated YTD 2022
127	220	25	Revenue from contracts with customers	568	56
71	198	22	Cost of goods sold	447	44
56	22	4	Gross profit/(loss)	121	12
22	25	19	Personnel expenses	82	52
22	17	19	Other operating expenses	66	54
12	-19	-33	Adj. EBITDA (excl. non-cash operating expenses)	-27	- 94
-4	5	-1	Non-cash cost of incentive programs/payrolls	3,04	10
-1	7	-	Non-cash provisions with limited predictive value	6	1
17	-30	-32	EBITDA	-36	- 105
6	6	5	Depreciation and amortization expenses	22	14
11	-36	-38	EBIT	-58	- 119
-11	1	-7	Net financial income and expenses	-5	5
-1	-35	-45	Profit/(loss) before income tax	-63	- 114
-	-	-1	Income tax expense	-	0
-1	-35	-44	Profit/(loss)	-63	- 114

See Note 10 Restatement of comparable information.

HydrogenPro generated revenues of NOK 127 million during the fourth quarter 2023, NOK 93 million lower (-42%) than third quarter 2023, and NOK 102 million higher (+403%) than the same period in 2022. The Group's revenue year to date 2023 was NOK 568 million compared to NOK 56 million year to date of 2022, i.e. approx. ten times higher. The main increase in revenues, both quarterly and year to date, were 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 71 million vs. NOK 198 million in the third quarter 2023 (NOK 22 million in fourth quarter 2022). Year to date Cost of goods sold was NOK 447 million compared to NOK 44 million in the same period of 2022.

Gross profit during the quarter was NOK 56 million (44% gross margin) vs. NOK 22 million (10% gross margin) in third quarter 2023 (NOK 4 million (15% gross margin) in fourth quarter 2022.). Gross profit for the fourth quarter has also positively effect by and updated estimate of cost incurred as of the end of the third quarter. The increase in Gross Margin is mainly caused by i) lower costs on the ACES project, ii) less obsolete goods and iii) positive currency impact. Year to date the Group's Gross profit was NOK 121 million (21% margin) compared to NOK 12 million (21% margin) 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 decreased from NOK 25 million in third quarter 2023 to NOK 22 million in fourth quarter 2023 (NOK 19 million in fourth quarter 2022). The decrease is mainly due to a decrease in number of employees at the manufacturing facility in Tianjin at year end.

Other operating expenses amounted to NOK 22 million in fourth quarter 2023 compared to NOK 17 million in third quarter 2023 (NOK 19 million in fourth quarter 2022).

Adjusted EBITDA was NOK 12 million (10% margin) in fourth quarter 2023 compared to NOK -19 million in third quarter 2023 (NOK -33 million in fourth quarter 2022). Adjusted EBITDA year to date 2023 was NOK-27 million compared to NOK -94 million year to date 2022.

In the fourth quarter HydrogenPro recognised NOK 3 million in costs for incentive programs and payroll settlement.

Reported EBITDA ended at NOK 17 million in fourth quarter 2023 vs. NOK -30 million during third quarter 2023 (NOK -32 million in fourth quarter 2022). EBITDA was NOK -36 million year to date 2023, compared with NOK -105 million year to date 2022.

EBIT in fourth quarter 2023 amounted to NOK 11 million vs. NOK -36 million in third quarter 2023 (NOK -38 million in fourth quarter 2022). Year to date in 2023 EBIT was NOK -58 million compared to NOK -119 in the same period in 2022.

Depreciation & amortization expenses was NOK 6 million in fourth quarter 2022 vs. NOK 6 million in third quarter 2023 (NOK 5 million in fourth quarter 2022).

Net profit/(loss) (after tax) for the fourth quarter 2023 ended at NOK -1 million vs. a loss of NOK 35 million in third quarter 2023 (NOK -44 million in fourth quarter 2022). The Group's net profit/(loss) year to date ended at a loss of NOK 63 million compared to a loss of NOK 114 million year to date 2022.

The order backlog amounted to NOK 423 million as of 31 December 2023 vs. NOK 322 million as of 30 September 2023 (747 million as of 31 December 2022).

Net financial items

Q4 2023	Q3 2023	Restated Q4 2022	NOK million	YTD 2023	Restated YTD 2022
1	1	1	Interest income	3,5	3
-12	1	-8	Net foreign exchange	-7,6	2,2
0	-0	-0	Other finance income/(expense)	-0,6	-0,8
-11	1	-7	Net financial items	-5	4,8

Note 10 Restatement of comparable information

Net financial items in fourth quarter 2023 amounted to NOK -11 million vs NOK 1 million in third quarter 2023 (NOK -7 in fourth quarter 2022). Net financial items year to date 2023 amounted to NOK -5 million

compared to NOK 5 million year to date 2022. The change is mainly due to a fair value adjustment for financial instruments, refer to note 6.

NOK million	31 Dec 2023	Restated 30 Sep 2023	Restated 31 Dec 2022
Assets			
Intangible assets	57,9	60	64,4
Plant, machinery and equipment	68,2	63	55,5
Financial investments	55,8	54	52,2
Total non-current assets	181,9	177	172,1
Current assets	301,2	351	121,7
Cash and cash equivalents	160,5	133	257,0
Total current assets	461,8	484	378,7
Total Assets	643,6	661	550,8
Equity and liabilities			
Total equity	453,2	460	395,7
Total non-current liabilities	18,2	15	11,4
Total current liabilities	172,2	186	143,5
Total liabilities	190,4	201	154,9
Total equity and liabilities	643,6	661	550,6

See Note 10 Restatement of comparable information

Total assets as of 31 December 2023 amounted to NOK 644 million. Total non-current assets amounted to NOK 182 million, whereof NOK 58 million in intangible assets, NOK 68 million in plant, machinery, and equipment and NOK 56 million in financial assets.

Total current assets amounted to NOK 462 million, whereof NOK 161 million in cash and deposits and NOK 301 million in current assets. The current assets are at the same level as Q3 2023.

Total equity amounted to NOK 453 million. The book equity ratio as of 31 December 2023 was 70.4% compared to 69.5% on 30 September 2023 (71.9% as of 31 December 2022).

Total liabilities amounted to NOK 190 million as of 31 December 2023, whereof 172 million in current liabilities and NOK 18 million in non-current liabilities. The current liabilities consist of trade payables and other short-term liabilities, including current provisions for warranty accruals because

Cash flow

of project activity (see note 8). This is partly offset by a decrease in contract liabilities.

Q4 2023	Q3 2023	Restated Q4 2022	NOK million	YTD 2023	Restated YTD 2022
133	183	343	Cash balance start of period	257	382,3
37	-49	-77	Net cash flow from operating activities	-188	-69,4
-8	-1	-9	Net cash flow from investing activities	-20	-51,9
-1	0	1	Net cash flow from financing activities	111	-4,0
28	-50	-86	Total changes in cash	-96	-125,2
161	133	257	Cash balance end of period	161	257,0

See Note 10 Restatement of comparable information

Net change in cash position during fourth quarter 2023 was NOK 28million compared to NOK -50 million in the third quarter 2023 (NOK -86 million in fourth quarter 2022). Year to date 2023 net change in cash position was NOK -96 million compared to NOK -125 million in the same period of 2022.

Net cash flow from operating activities was NOK 37 million in the fourth quarter 2023 compared to NOK -49 million in third quarter 2023 (NOK -77 million in fourth quarter 2022), mainly due to an increase in contract

assets, partly offset by an increase in accruals. By the end of December 2023 cash balance was NOK 161 million.

During the fourth quarter 2023 net cash flow from investing activities was NOK -8 million vs NOK -1 million in third quarter 2023 (NOK -8 million in fourth quarter 2022). Investments relates primarily to machinery & equipment in Tianjin, China and R&D facility in Aarhus, Denmark

Net cash flow from financing activities was NOK -1 million compared to NOK 0 million in third quarter 2023 (NOK -0 million in fourth quarter 2022).

Financial statements

Consolidated statement of comprehensive income

Q4 2023	Restated Q4 2022	NOK '000		Notes	YTD 2023	Restated YTD 2022
Operating income and operating expenses						
127 308	25 281	Revenue from contracts with customers		2	568 233	56 414
127 308	25 281	Total revenue			568 233	56 414
71 017	21 514	Cost of goods sold			447 442	44 372
18 546	17 365	Personnel expenses		3	85 205	62 768
6 035	5 444	Depreciation and amortization expenses		4, 5	22 281	13 990
21 180	18 613	Other operating expenses			71 596	54 526
10 530	-37 655	Operating profit / (loss)			-58 292	-119 242
12 545	-506	Financial income			33 502	17 874
23 597	6 524	Financial expenses			38 147	13 092
-11 052	-7 030	Net financial income and expenses			-4 645	4 782
-522	-44 685	Profit / (loss) before income tax			-62 936	-114 460
-	-1 037	Income tax expense			-	-80
-522	-43 647	Profit / (loss) for the period			-62 936	-114 380
Other comprehensive income:						
-	-	<i>Items that may be reclassified to profit or loss:</i>				
-3 346	-1 597	Exchange difference on translation of foreign operations			-730	-415
-3 346	-1 597	Net Other comprehensive income			-730	-415
-3 868	-45 245	Total comprehensive profit / (loss) for the period			-63 666	-114 795
Total comprehensive profit / (loss) for the period attributable to:						
-8 336	-42 501	Equity holders of the parent company			-65 243	-109 864
4 468	-2 744	Non-controlling interest			1 576	-4 931
Earnings per share (in NOK)						
-0.13	-0.73	Basic and diluted earnings per ordinary share¹⁾			-1.09	-1.89

See Note 10 Restatement of comparable information

Consolidated balance sheet

NOK '000	Note	31 Dec 2023	Restated 31 Dec 2022
Assets			
Intangible assets	4	57 932	64 415
Property, plant and equipment	5	68 157	55 537
Right of use assets	5	20 455	17 625
Financial investments	6	30 517	29 572
Other receivables		4 804	4 820
Total non-current assets		181 865	171 970
Current assets			
Inventories	7	14 554	35 762
Trade receivables		179 184	18 585
Contract assets	2	65 836	19 828
Other receivables		41 665	47 514
Cash and bank deposits		160 531	257 022
Total current assets		461 770	378 711
		-	-
Total assets		643 634	550 681
Equity			
Share capital		1 266	1 161
Share premium account		691 796	575 039
Other equity contributed		38 558	34 162
Other equity		-284	-219 117
		221	
Currency translation difference		-625	-588
Equity attributable to HydrogenPro's shareholders		446 774	390 657
Non-controlling interest		6 438	4 963
Total equity		453 212	395 620
Non-current lease liabilities		11 428	11 332
Non-current provisions	8	6 785	-
Total non-current liabilities		18 213	11 332
Current liabilities			
Current lease liabilities		8 933	5 124
Trade creditors		39 170	20 578
Contract liabilities	2	49 641	65 691
Public duties payable		6 128	10 797
Other short term liabilities	8	68 338	41 538
Total current liabilities		172 209	143 728
Total liabilities		190 422	155 060
Total equity and liabilities		643 634	550 680

See Note 10 Restatement of comparable information

Cash flow statements

Q4 2023	Restated Q4 2022	NOK '000	Notes	YTD 2023	Restated YTD 2022
Cash flows from operating activities					
-522	-43 647	Profit / (loss)		-62 936	-114 380
6 035	5 444	Depreciation, amortization & impairment		22 281	13 990
-3 662	-1 239	Option cost no cash effect		3 312	8 592
21 766	-16 620	Change in accounts receivable and contract assets		-206 607	-25 371
5 774	-34 457	Change in inventory		21 207	-35 455
2 868	15 180	Change in accounts payable and contract liabilities		2 542	17 222
2 423	1 447	Effect of foreign currency translation		813	1 813
2 105	-3 389	Change in other accruals		31 788	64 230
36 786	-77 282	Net cash flows from operating activities		-187 599	-69 359
Cash flows from investing activities					
-7 804	-1 281	Purchases of tangible assets	5	-19 886	-14 701
-	-9 540	Acquisition of subsidiary, net of cash acquired		-	-32 454
-	1 632	Change in other investing activities		-	-4 716
-7 804	-9 189	Net cash flows from investing activities		-19 886	-51 871
Cash flows from financing activities					
-1 467	-472	Payment of lease liabilities		-5 869	-5 175
	1 172	Proceeds from Equity Issue		116 863	1 172
-1 467	700	Net cash flows from financing activities		110 994	-4 003
133 016	342 792	Cash balance start of period		257 022	382 255
27 515	-85 771	Net change in cash		-96 492	-125 233
160 531	257 022	Cash balance end of period		160 531	257 022

See Note 10 Restatement of comparable information

Statement of changes in equity

NOK '000	Notes	Share capital	Share premium account	Other equity contrib.	Currency transl. Difference	Other equity	Equity attrib. to share-holders	Non-controlling interest	Total equity
Equity as at 31.12.2021		58	576 142	26 800	336	-92 081	511 254	-	511 254
The reversal of revenue related to contract	10					-17 639	-17 639		-17 639
Restated equity as at 01.01.2022		58	576 142	26 800	336	-109 720	493 615	-	493 615
Total comprehensive income		-	-	-	-415	-109 449	-109 864	-4 931	-114 795
Issue of share capital		1 103	-1 103	-	-	-	-	-	-
Cost of share-based payment		-	-	7 363	-	-	7 363	-	7 363
Change in non-controlling interests		-	-	-	-509	52	-457	9 894	9 437
Equity as at 31.12.2022		1 161	575 039	34 163	-588	-219 117	390 657	4 963	395 620
Equity as at 01.01.2023		1 161	575 039	34 163	-588	-219 117	390 657	4 963	395 620
Total comprehensive income		-	-	-	-730	-64 513	-65 243	1 576	-63 666
Reclassification					693	-592	101	-101	-
Issue of shares		105	116 758	-	-	-	116 863	-	116 863
Cost of share-based payment		-	-	4 395	-	-	4 395	-	4 395
Equity as at 31.12.2023		1 266	691 797	38 558	-625	-284 222	446 773	6 438	453 211

See Note 10 Restatement of comparable information

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. 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

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

The Interim financial information has not been subject to audit or review.

Note 2 – Revenue from contracts with customers and segments

Geographical region

Q4 2023	Q4 2022	NOK '000	YTD 2023	YTD 2022
Geographical region				
104	2 596	Norway	3 280	4 885
3 387	-225	Europe	7 295	-13
124 411	14 354	America	538 499	41 370
-593	8 556	Asia Pacific	19 159	10 172
127 309	25 281	Total revenue	568 233	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 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.

Q4 2023	Q4 2022	NOK '000	YTD 2023	YTD 2022
127 309	25 281	Revenue recognized over time	565 081	56 051
0	0	Revenue recognized at point - in - time	3 152	363
127 309	25 281	Total revenue	568 233	56 414

Q4 2023	Q4 2022	NOK '000	YTD 2023	YTD 2022
123 831	23 402	Revenue from sale of electrolyser system	557 040	51 521
3 478	1 879	Revenue from sale of FEED and case-studies	11 193	4 893
127 309	25 281	Total revenue	568 233	56 414

NOK '000	31 Dec 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	65 836	19 828
Balances end of period	65 836	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	49 641	65 602
Balances end of period	49 641	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 2.6 million in fourth quarter 2023 and NOK 3.9 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) .

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 31 Dec 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	4 135	2 348	-	6 483
Net book value 31 Dec 2023	28 952	7 046	21 935	57 933
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

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 32 million. Additions of NOK 19 million in Plant and machinery were mainly related to investments made to increase manufacturing capacity in China. NOK 12 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 – Financial investment

NOK '000	31 Dec 2023	Restated 31 Dec 2022
Convertible receivables	29 572	26 458
Effect of foreign currency translation	945	3 114
Convertible receivables end of period	30 517	29 572

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.

At the end of 2023 the company has considered that the cost is the best estimate of the fair value.

See Note 10 for further information regarding restating of comparable financial information.

Note 7 – Inventory

NOK '000	31 Dec 2023	31 Dec 2022
Inventory		
Work in progress	-	2 861
Raw material	14 554	32 901
Carrying amount	14 554	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 31 December 2023 there were write-downs of obsolete goods of NOK 11.3 million (no write-downs as of 31 December 2022)

Note 8 – Provisions

NOK '000	Accrued Warranty	Other provisions	31 Dec 2023	31 Dec 2022
Provisions				
Balances start of period (01 Jan)	-	-	-	-
Additions	16 962	25 318	42 280	-
Used during the year	-	-	-	-
Changes in estimates	-	-	-	-
Exchange differences	-	-	-	-
Balances end of period	16 962	25 318	42 280	-
Current provisions	10 177	25 318	35 495	-
Non-current provisions	6 785	-	6 785	-

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 another 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.

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

Note 9 – Overview of Group companies

Company	Country	Main operations	Ownership interest		Voting power	
			31 Dec 2023	31 Dec 2022	31 Dec 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.

Note 10 – Restatement of comparable information

1. Restatement of contract revenue recognized in 2020 USD 2 million – NOK 17.6 million

Based upon an updated assessment related to the delivery of “Study” during 2020 has been concluded that the related contract included a substantive right that was not identified in 2020 but afterwards. A total of USD 2 million (NOK 17.6 million) of the funds received should therefore have been recognized as a liability by the end of 2020 and not recognized as revenue in 2020. The adjustment of the accounting in 2020 has been recorded as a correction of the opening equity in 2022 as the first year of comparable information in the 2023 financial statements with corresponding recognition of a liability of USD 2 million (NOK 17.6 million).

2. Restatement of the fair value investment in DG Fuels

During the second half of 2023, the Company determined that a reliable estimate of fair value based upon objective identifiable information that could support a fair value above cost has not been possible to obtain. This fact has also indicated uncertainty regarding previously estimates of fair value.

Therefore, it has been concluded that cost is the best estimate of the fair value and that previous value adjustments above cost should be reversed.

See further effect of this in the table below.

The adjustment related to reversal of the value increase during 2022 is reflected in the comparable financial information for 2022. The adjustment related to 2023 is reflected in the accumulated financial information for 2023.

NOK '000	31 Dec 2023	Restated 30 Sep 2023	Restated 31 Dec 2022
Financial investment before reversal		79 244	52 056
Reversal	-	47 375	- 22 484
Financial investment after reversal	30 517	31 869	29 572

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:

Q4 2023	Restated Q4 2022	NOK million	YTD 2023	Restated YTD 2022
127,3	25,3	Revenue from contracts with customers	568,2	56,4
71,0	21,5	- Cost of goods sold	447,4	44,4
56,3	3,8	= Gross profit/(loss)	120,8	12,0
56,3	3,8	Gross profit/(loss)	120,8	12,0
127,3	25,3	/ Revenue from contracts with customers	568,2	56,4
44,2 %	14,9 %	= Gross profit margin	21,3 %	21,3 %
56,3	3,8	Gross profit/(loss)	120,8	12,0
18,5	17,4	- Personnel expenses	85,2	62,7
21,2	18,6	- Other operating expenses	71,6	54,6
16,6	-32,2	= EBITDA	-36,0	-105,3
16,6	-32,2	EBITDA	-36,0	-105,3
-3,6	-1,2	+ Non-cash cost of incentive programs/payrolls	3,0	10,3
-0,7	0,0	+ Non-cash provisions with limited predictive value	6,0	0,7
12,3	-33,4	= Adj. EBITDA (excl. non-cash operating expenses)	-26,9	-94,3
16,6	-32,2	EBITDA	-36,0	-105,3
6,0	5,4	- Depreciation and amortization expenses	22,3	14,0
10,5	-37,7	= Operating profit/(loss) (EBIT)	-58,3	-119,2
Q4 2023	Q4 2022	NOK million	YTD 2023	YTD 2022
7,8	9,6	Purchases of tangible assets	19,9	14,7
0,0	0,0	+ Purchases of intangible assets	0,0	0,0
7,8	9,6	= Investments before acquisitions	19,9	14,7
0,0	8,6	+ Investments due to acquisitions	0,0	32,5
7,8	18,2	= Investments after acquisitions	19,9	47,2
322	849,0	Order backlog start of period	747,0	33
228	0,0	+ Order intake	242,3	773
- 128	-25,3	- Revenue from project contracts with customers	-565,7	-56
- 0	-76,8	+/- Revaluation	-0,9	-3
423	747	= Order backlog end of period	423	747

*) See Note 10 Restatement of comparable information

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