Quarterly report

Q1 2024

HydrogenPro

Contents

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

Q1 2024 Highlights

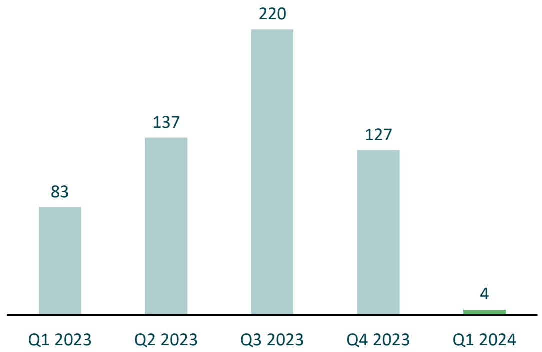
- **Revenues for the quarter of NOK 4 million** (vs. NOK 127 million in Q4 2023, NOK 83 million in Q1 2023)
- **Adj. EBITDA of NOK -56 million** (vs. NOK 12 million in Q4 2023 and NOK -16 million in Q1 2023)
- **HydrogenPro awarded 300 MW FEED study in Texas, USA**
- **On-going feasibility study of electrode manufacturing**

Subsequent events

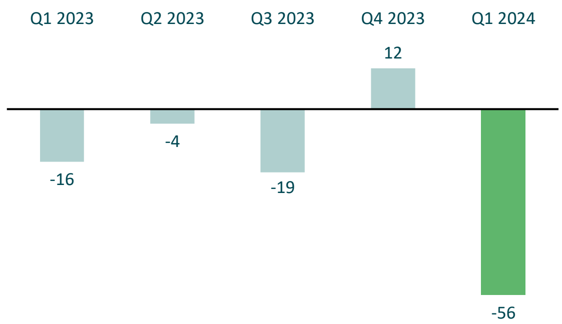
- **Strategic NOK 82.7 million investment from ANDRITZ**
- **Annual General Meeting and Extraordinary General meeting**
  - New Board of Directors elected

Financials

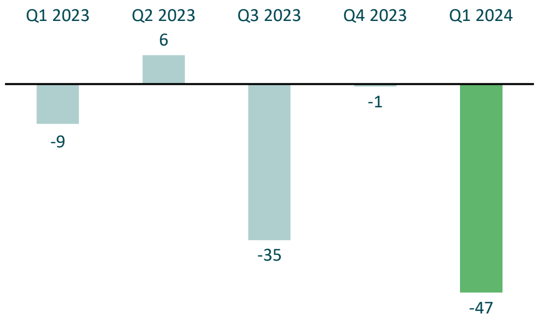
REVENUE
NOK million



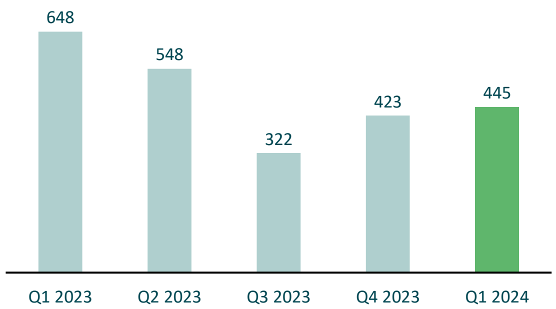
ADJ. EBITDA
NOK million



NET PROFIT
NOK million



BACKLOG
NOK million



Q1 2024 Summary

Developments during the quarter

Market development

For HydrogenPro, the first quarter was a ''quiet'' period, between the completion of ACES manufacturing and preparations for delivery to the Salzgitter project. Still, the high activity level in the hydrogen market has continued also into 2024 and large industrial players within energy and utilities are accelerating their role in shaping the large-scale green hydrogen sector. The expected release of project investment decisions is still at a relatively low level, the further development is pending both financing and regulatory framework.

Few contracts have been awarded in general in the market and FID decisions are being delayed, but at the same time, the US and EU are pushing for more hydrogen. The relative economics in many green H2 projects (vs. fossil hydrogen) has also been negatively impacted by a lower price of natural gas.

During the last quarter, leading players in hard-to-abate sectors have brought their projects closer to FID by entering FEEDs as well as selecting suppliers for their long-planned projects. With more mature and professional players, we also experience higher expectations and requirements for their counterparts and suppliers. 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. HydrogenPro has during the last quarters further intensified its focus towards securing a competitive edge by being part of early-stage FEED studies and this have been further successful by new FEED studies being contracted.

In North America, estimates for production of, and demand for, low-carbon hydrogen remain high in the long term. 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 it is expected to 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 are supporting are progressing, and we continue to receive new inquiries for potential projects.

For the European market, we see a consistently growing pipeline for our EPC approach (also together with Andritz) towards major European industrial players, especially within the Green Steel, Refinery and Power-to-X market. Through the cooperation with Andritz, the two companies can provide a more complete offering with technical capabilities and EPC offering.

Several politically backed projects in Central and South Europe are proceeding after being assigned to be funded by the EU's different funding regimes, however finalization still staggered due to political processes that are delaying the allocation of the funds. We see also that several more commercially based projects located in areas with a more favorable electrical power allocation have traction.

As number of projects in total are reaching a high critical volume, both with regards to manufacturing volumes and human resources needed for their extensive clarification and evaluation processes, it will be increasingly more 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 engineering studies. In the meantime, of realization of projects, we still see an overcapacity in the global manufacturing capacity, hence being disciplined and agile in the ramp-up ability when projects are sanctioned will be essential. However, many developers/EPC's conduct their assessment of suppliers based on readiness and capability and hence calls for a certain up-front investments.

Integrated Report 2023

On 22 March 2024 HydrogenPro published its Integrated Report 2023, including ESG reporting and complete 2023 annual accounts with notes.

Feasibility study on expanded manufacturing facilities for NextGen electrodes

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. A feasibility is currently on-going with regards to an expansion of the electrode manufacturing capacity in Denmark.

Awarded FEED study 300 MW in Texas, USA

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

Subsequent events

Strategic NOK 82.7 million investment from ANDRITZ AG

On 10 April 2024 it was announced that HydrogenPro secured NOK 82.7 million in new equity through a private placement of new shares towards ANDRITZ AG ("ANDRITZ"), an international technology group listed on the Vienna stock exchange and one of the leading companies within green hydrogen technology and systems. The investment from Andritz is a strong signal proving Andritz' confidence in HydrogenPro and our role as a technology frontrunner in the global electrolyser market.

In connection with the Private Placement, Andritz has agreed to a 6-month lock-up for its shareholding, subject to customary exemptions. The net proceeds to the Company from the Private Placement will be used to finance specific development and testing initiatives within the Company's focus areas, as well as for general corporate purposes.

Annual and Extraordinary General Meetings

On 23 April 2024 the Annual General Meeting (the "AGM") and an Extraordinary General Meeting (the "EGM") took place. All items on the AGM agenda were approved by the general meeting as proposed, including the nominations committee's proposal regarding the election of members to the board of directors of the Company.

The EGM rejected the proposal from a shareholder regarding the election of members to the board of directors of the Company and approved the composition of the board of directors as proposed by the Company's nomination committee.

The new Board of Directors consists of Dag Opedal (Chair), Marianne Mithassel Aamodt, Geir Bredo Larsen, Asta Stenhagen, Jarle Tautra, Vivian Y Chen Espeseth and Bjørn Hansen.

Outlook

Although some projects have been delayed, 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. Especially Europe and North America shows increase in new hydrogen projects. 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. The confirmed order from Andritz in November 2023 proves that the cooperation has started to bear fruits, and HydrogenPro sees significant opportunities with Andritz in Europe going forward.

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. The solid cooperation with Andritz in Europe strengthens our position further.

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.

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.

The Group's main risks and uncertainties are described in HydrogenPro's Annual Report for 2023. There are no significant changes in the risks and uncertainties.

Financials

Income statement

Q1 2024	Q4 2023	Q1 2023[1]	NOK million	2023
4	127	83	Revenue from contracts with customers	568
4	71	70	Cost of goods sold	447
-0	56	13	Gross profit/(loss)	121
28	22	15	Personnel expenses	82
28	22	14	Other operating expenses	66
-56	12	-16	Adj. EBITDA	-27
0	-4	1	Non-cash cost of incentive programs/payrolls	3
0	-1	0	Non-cash provisions with limited predictive value	6
-56	17	-17	EBITDA	-36
7	6	5	Depreciation and amortization expenses	22
-63	11	-22	EBIT	-58
16	-11	12	Net financial income and expenses	-5
-47	-1	-10	Profit/(loss) before income tax	-63
0	0	0	Income tax expense	0
-47	-1	-10	Profit/(loss)	-63

[1]See Note 10 Restatement of comparable information

During the quarter, a negative revenue impact of NOK 21 million is related to estimated additional costs for replacement of some auxiliary components on the ACES project as the percentage of completion ("POC") has decreased. The corresponding reduction in cost of goods sold in the quarter is NOK 16 million, while a write-down of the replaced auxiliary components increased other operating expenses with NOK 8 million. In total, the negative result impact of the replacement of auxiliary components for the ACES project was NOK 13 million in the quarter.

HydrogenPro generated revenues of NOK 4 million during the first quarter 2024, NOK 123 million lower (-97%) than fourth quarter 2023, and NOK 79 million lower (-95%) than the same period in 2023. The main reduction in revenues is related to lower activity with limited delivery of electrolyzers. 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 4 million vs. NOK 71 million in the fourth quarter 2023 (NOK 71 million in first quarter 2023).

The resulting gross profit during the quarter was NOK 0 million vs. NOK 56 million in fourth quarter 2023 (or NOK 13 million in first quarter 2023).

Personnel expenses increased from NOK 22 million in fourth quarter 2023 to NOK 28 million in first quarter 2024 (NOK 15 million in first quarter 2023). The increase is mainly due to a reclassification of payroll cost (from *COGS* in Q4 2023 to *personnel expenses* in Q1 2024), due to lower delivery activity on contracts. The reduced activity level has resulted in a reduction of approx. 50 full-time employees in Tianjin during the quarter.

Other operating expenses amounted to NOK 28 million in first quarter 2024 compared to NOK 22 million in fourth quarter 2023 (NOK 14 million in first quarter 2023). The net increase of NOK 6 million is mainly due to write-down of the replaced auxiliary components on ACES project with NOK 8 million (as previously mentioned), increased external consultancy services (NOK 4 million) and reduction in warranty costs of NOK 6 million.

Adjusted EBITDA was NOK -56 million in first quarter 2024 compared to NOK 12 million in fourth quarter 2023 (NOK -16 million in first quarter 2023). The impact on the result of replacement of auxiliary components on the ACES project was NOK 13 million during the first quarter.

Non-cash cost of incentive programs amounted to NOK 0 million in the quarter (compared to NOK -4 million in fourth quarter 2023). And NOK 1 million first quarter 2023.

Reported EBITDA ended at NOK -56 million in first quarter 2024 vs. NOK 17 million during fourth quarter 2023 (NOK -17 million in first quarter 2023).

Depreciation & amortization expenses were NOK 7 million in first quarter 2024 vs. NOK 6 million in fourth quarter 2023 (NOK 5 million in first quarter 2023).

EBIT in first quarter 2024 amounted to NOK -63 million vs. NOK 11 million in fourth quarter 2024 (NOK -22 million in first quarter 2023).

Net profit/(loss) (after tax) for the first quarter 2024 ended at NOK -47 million vs. a loss of NOK -1 million in fourth quarter 2023 (NOK -10 million in first quarter 2023).

The order backlog amounted to NOK 445 million as of 31 March 2024 vs. NOK 423 million as of 31 December 2023 (648 million as of 31 March 2023), mainly due to weakening NOK vs USD and EUR in the quarter.

Net financial items

Q1 2024	Q4 2023	Q1 2023[1]	NOK million	2023
0	1	1	Interest gain/expense	4
16	-12	12	Net foreign exchange gain/expense	-8
-0	0	-1	Other finance income/expense	-1
16	-11	12	Net financial items	-5

[1]See Note 10 Restatement of comparable information

Net financial items in first quarter 2024 amounted to NOK 16 million which is related to net foreign currency remeasurement NOK 16 million vs NOK -11 million in fourth quarter 2023 (NOK -12 million in first quarter 2023).

Balance sheet

NOK million		31 Mar 2024	31 Dec 2023
Assets			
Intangible assets		60	58
Property, plant and equipment		65	68
Right of use assets and financial investments		55	56
Total non-current assets		180	182
Current operating assets		208	301
Cash and cash equivalents		185	161
Total current assets		393	462
Total Assets		573	644
Equity and liabilities			
Total equity		415	453
Total non-current liabilities		20	19
Total current liabilities		138	172
Total liabilities		158	191
Total equity and liabilities		573	644

Total assets as of 31 March 2024 amounted to NOK 573 million. Total non-current assets amounted to NOK 180 million, whereof NOK 60 million in intangible assets, NOK 65 million in plant, machinery, and equipment and NOK 55 million in financial assets.

Total current assets amounted to NOK 393 million, whereof NOK 185 million in cash and deposits and NOK 208 million in current assets. Non-current assets are on the same level as year-end 2023. Current operating assets are reduced with NOK 93 million in the quarter, mainly due to a reduction in trade receivables of NOK 82 million. Cash and cash equivalents increased with NOK 24 million.

Total equity amounted to NOK 415 million. The book equity ratio as of 31 March 2024 was 72.4% compared to 70.4% on 31 December 2023.

Total liabilities amounted to NOK 158 million as of 31 March 2024, whereof 138 million in current liabilities and NOK 20 million in non-current liabilities. The current liabilities consist of trade payables and other short-term liabilities, including current provisions for warranty accruals because of project activity (see note 8).

Cash flow

Q1 2024	Q4 2023[1]	Q1 2023[1]	NOK million	2023
161	133	257	Cash balance start of period	257
25	37	-42	Net cash flow from operating activities	-188
0	-8	-6	Net cash flow from investing activities	-20
-1	-1	-1	Net cash flow from financing activities	111
24	28	- 49	Total changes in cash	- 96
185	161	209	Cash balance end of period	161

Net change in cash position during first quarter 2024 was NOK 24 million compared to NOK 28 million increase in the fourth quarter 2023 (NOK -49 million in first quarter 2023).
Net cash flow from operating activities was NOK 25 million in the first quarter 2024 compared to NOK 37 million in fourth quarter 2023 (NOK -42 million in first quarter 2023), mainly due to decrease in trade receivables.

By the end of March 2024 cash balance was NOK 185 million.

During the first quarter 2024 net cash flow from investing activities was NOK 0 million vs NOK -8 million in fourth quarter 2023 (NOK -6 million in first quarter 2023).

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

Financial statements

Condensed interim financial statements

Consolidated statement of comprehensive income

Q1 2024	Q1 2023[1]	NOK '000	Notes	2023
		Operating income and operating expenses		
4 096	83 425	Revenue from contracts with customers	2	568 233
4 096	83 425	Total revenue		568 233
4 408	70 926	Cost of goods sold		447 442
28 092	15 835	Personnel expenses	3	85 205
6 659	4 982	Depreciation and amortization expense	4, 5	22 281
27 875	13 793	Other operating expenses		71 596
-62 938	-22 111	Operating profit / (loss)		-58 292
20 931	12 926	Financial income		33 502
4 810	1 188	Financial expenses		38 147
16 121	11 738	Net financial income and expenses		-4 645
-46 817	-10 373	Profit / (loss) before income tax		-62 936
		Income tax expense		-
-46 817	-10 373	Profit / (loss) for the period		-62 936
		Other comprehensive income:		
		Items that may be reclassified to profit or loss:		
4 929	-2 939	Exchange difference on translation of foreign operations		-730
4 929	-2 939	Net Other comprehensive income		-730
-41 888	-13 312	Total comprehensive profit / (loss) for the period		-63 666
		Total comprehensive profit / (loss) for the period attributable to:		
-39 033	-13 080	Equity holders of the parent company		-65 243
-2 855	-232	Non-controlling interest		1 576
		Earnings per share (in NOK)		
-0,62	-0,23	Basic and diluted earnings per ordinary share[1)]		-1.09

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

[1]See Note 10 Restatement of comparable information

Consolidated statement of changes in equity

NOK ‘000	Notes	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 01.01.2023		1 161	575 039	34 162	-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	116 757	-	-	-	116 862	-	116 862
Cost of share-based payment		-	-	4 396	-	-	4 396	-	4 396
Equity as at 31.12.2023		1 266	691 796	38 558	-625	-284 222	446 773	6 438	453 212
Equity as at 01.01.2024		1 266	691 796	38 558	-625	-284 222	446 773	6 438	453 212
Total comprehensive income					6 083	- 43 960	- 37 877	- 2 857	- 40 734
Issue of shares		4	1 508				1 512		1 512
Cost of share-based payment				749			749		749
Equity as at 31.03.2024		1 270	693 304	39 307	5 458	-328 182	411 157	3 581	414 739

Consolidated statement of financial position

NOK '000	Note	31 Mar 2024	31 Dec 2023
Assets			
Intangible assets	4	60 259	57 932
Property, plant and equipment	5	64 971	68 157
Right of use assets	5	17 738	20 455
Financial investments	6	32 403	30 517
Other non-current receivables		4 839	4 804
Total non-current assets		180 210	181 865
Current assets			
Inventories	7	22 824	14 554
Trade receivables		97 417	179 184
Contract assets	2	51 114	65 836
Other receivables		36 636	41 665
Cash and bank deposits		184 936	160 531
Total current assets		392 926	461 770
			-
Total assets		573 136	643 634
Equity			
Share capital		1 270	1 266
Share premium account		693 304	691 796
Other equity contributed		39 306	38 558
Other equity		-328 180	-284 221
Currency translation difference		5 457	-625
Equity attributable to HydrogenPro's shareholders		411 158	446 774
Non-controlling interest		3 581	6 438
Total equity		414 739	453 212
Non-current lease liabilities		13 100	11 428
Non-current liabilities	8	6 756	6 785
Total non-current liabilities		19 856	18 213
Current liabilities			
Current lease liabilities		4 821	8 933
Trade creditors		20 668	39 170
Contract liabilities	2	44 041	49 641
Public duties payable		3 436	6 128
Other current liabilities	8	65 575	68 338
Total current liabilities		138 541	172 209
Total liabilities		158 397	190 422
Total equity and liabilities		573 136	643 634

The Board of Directors and Chief Executive Officer Hydrogen Pro ASA Oslo, 6 May 2024

Porsgrunn/Oslo, 6 May 2024

(All signatures electronically signed)

Dag J. Opedal	Asta Stenhagen	Jarle Tautra	Vivian Y Chen Espeseth	Marianne Mithassel Aamodt	Geir Bredo Larsen
Chair of the Board	*Board member*	*Board member*	*Board member*	*Board member*	*Board member*

Bjørn Hansen	Jarle Dragvik
Board member	*CEO*

Consolidated statement of cash flows

Q1 2024	Q1 2023	NOK '000	Notes	2023
		Cash flows from operating activities		
-46 817	-10 373	Profit / (loss) before income tax		-62 936
6 659	4 982	Depreciation and amortization expense		22 281
3	1 798	Option cost no cash effect		3 312
96 490	526	Change in trade receivable and contract assets		-206 607
-8 270	5 108	Change in inventory		21 207
-24 101	-54 378	Change in trade payable and contract liabilities		2 542
1 928	-10 031	Effect of foreign currency translation		813
-426	19 864	Change in other accruals		31 788
25 466	-42 503	Net cash flows from operating activities		-187 599
		Cash flows from investing activities		
-276	-5 524	Purchases of tangible assets	5	-19 886
-276	-5 524	Net cash flows from investing activities		-19 886
		Cash flows from financing activities		
-2 297	-1 039	Payment of lease liabilities		-5 869
1 512		Proceeds from Equity Issue		121 903
-		Transaction cost on issue of shares		-5 040
-785	-1 039	Net cash flows from financing activities		110 994
160 531	257 022	Cash balance start of period		257 022
24 405	-49 066	Net change in cash		-96 492
184 936	207 956	Cash balance end of period		160 531

Notes to the financial statements

Note 1 – Organization and basis for preparation

Corporate information
HydrogenPro ASA ("the Company") is a public limited company, incorporated in Norway, headquartered in Herøya, Norway 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 electrolyzer.

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, 2023, 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 2023.

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 2023 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

Q1 2024	Q1 2023[1]	NOK '000	2023
		Geographical region	
	874	Norway	3 280
12 509	110	Europe	7 295
-9 563	77 546	America	538 499
1 150	4794	Asia Pacific	19 159
4 096	83 324	Total revenue	568 233

The Group recognize 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 customized and in turn recognized 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 recognized 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 recognized once the uncertainty is resolved (referred to as constraint).

The Group's revenue from contracts with customers are recognized from two principal sources: sale of electrolyze systems, and sale of engineering services. The sale of engineering services is either in combination with sale of electrolyze systems or as a separate service, as in FEED studies.

The main reduction in revenues in Q1 2024 is related to lower activity with limited delivery of electrolyzers. Also, a negative revenue impact of NOK 21 million in the quarter is related to estimated additional costs for replacement of some auxiliary components on the ACES project as the percentage of completion ("POC") has decreased.

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

Q1 2024	Q1 2023[1]	NOK '000	2023
-9 075	82 674	Revenue recognized over time	565 081
13 171	650	Revenue recognized at point - in - time	3 152
4 096	83 324	Total revenue	568 233

Q1 2024	Q1 2023[1]	NOK '000	2023
-920	82 450	Revenue from sale of electrolyser system	557 040
3 709	874	Revenue from sale of Feed and case-studies	11 193
1 307		Revenue from scrapping of material as nikkel, steel etc.	
4 096	83 324	Total revenue	568 233

NOK '000	31 Mar 2024	31 Dec 2023	31 Dec 2022
Contract assets			
Balances start of period (01 Jan)	65 836	19 828	456
Transfers from contract assets recognised at the beginning of the period to receivables	-9 591	-19 828	-456
Increases due to measure of progress in the period	-5 131	65 836	19 828
Balances end of period	51 114	65 836	19 828
Contract liabilities			
Balances start of period (01 Jan)	49 641	65 691	1 348
Revenue from amounts included in contract liabilities at the beginning of the period	-5 652	-65 691	-1 259
Billing and advances received not recognised as revenue in the period	52	49 641	65 602
Balances end of period	44 041	49 641	65 691

Note 3 – Personnel expenses

The company has a share option program. The total personnel expenses recognized for the share-based programs, excluding social security, was NOK 0 million in first quarter 2024 (NOK 4 million in fourth quarter 2023).

Note 4 – Intangible assets

NOK '000	Technology	Patent and licenses	Goodwill	Total
Purchase cost 1 Jan 2024	41 366	11 741	21 935	75 042
Exchange differences	4 133		1 154	5 287
Purchase cost 31 Mar 2024	45 499	11 741	23 089	80 329
Accumulated depreciation 1 Jan 2024	12 414	4 696	-	17 110
Depreciation year to date 2024	1 112	587	-	1 699
Exchange differences	1 261			1 261
Net book value 31 Mar 2024	30 712	6 458	23 089	60 259
Economic life	10 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 licenses 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 recognized in first quarter 2024.

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 in the quarter are NOK 5 million. Additions of NOK 4 million were recognized as right-of-use assets. Depreciation for the quarter was NOK 5 million and Disposals NOK – 6 million and FX with NOK 1 million.

NOK '000	Plant and machinery	Movables	Machinery and plant in progress	Right-of-use assets	Total
Purchase cost 1 Jan 2024	75 714	5 625	543	31 373	113 256
Additions	526	317	-567	4 436	4 712
Disposals	-4 635			-10 303	-14 938
Exchange differences	2 906	272	24	1 116	4 318
Purchase cost 31 March 2024	74 511	6 214	-	26 622	107 348
Accumulated depreciation 1 Jan 2024	12 267	1 458		10 918	24 643
Depreciation year to date 2024	2 002	310		2 465	4 777
Disposals	-818			-4 893	-5 711
Exchange differences	469	65		395	929
Net book value 31 Mar 2024	60 590	4 381	-	17 738	82 709
Economic life	5-10 years	5-10 years			
Depreciation method	linear	linear			

Note 6 – Financial investment

NOK '000	31 Mar 2024	31 Dec 2023
Opening balance 1 January	30 517	29 572
Translation effect	1 886	945
Convertible receivables end of period	32 403	30 517

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 31 March 2024, 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 Mar 2024	31 Dec 2023
Inventory		
Finished goods	6 804	
Work in progress	1 832	-
Raw material	14 188	14 554
Carrying amount	22 824	14 554

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

Obsolescence considered for inventories was NOK 0 million as of 31 March 2024 and as of 31 December 2023 there were write-downs of obsolete goods of NOK 11.3 million.

Note 8 – Provisions

NOK '000		Accrued Warranty	Other provisions	31 Mar 2024	31 Dec 2023
Provisions					
Balances start of period (01 Jan)		16 962	25 318	42 280	42 280
Additions		-71		-71	
Exchange differences		-	1 887	1 887	-
Warranties and provisions end of period		16 891	27 205	44 096	42 280
Current provisions		10 135	27 205	37 340	-
Non-current provisions		6 756	-	6 756	-
Other current liabilites				28 235	32 843
Balances end of period		16 891	27 205	72 331	75 123

Estimated warranty obligations are recorded in the period in which the related revenue is recognized 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 electrolysers 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.

Note 9 – Overview of Group companies

Company	Country	Main operations	Ownership interest				Voting power			
			31 Mar 2024	31 Mar 2023	31 Dec 2023	31 Dec 2022	31 Mar 2024	31 Mar 2023	31 Dec 2023	31 Dec 2022
Advanced Surface Plating ApS	Denmark	Technology industries	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
HydrogenPro Tianjin CO Ltd	China	Technology industries	75 %	75 %	75 %	75 %	75 %	75 %	75 %	75 %
HydrogenPro Shanghai CO Ltd	China	Technology industries	100 %	100 %	100 %		100 %	100 %	100 %	
Kvina Energy AS	Norway	Technology industries	50 %	50 %	50 %	50 %	50 %	50 %	50 %	50 %
HydrogenPro France*	France	Technology industries	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
HydrogenPro Inc	United States of America	Technology industries	100 %	100 %	100 %	100 %	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

Q1 2023	Restatement	Q1 2023[1]	NOK million
-22	-	-22	EBIT
13	-1	12	Net financial income and expenses
-9	-1	-10	Profit/(loss) before income tax

The restatement is related to the agio effect regarding the revaluation of convertible DG Fuels in December 2022.

Regarding restatement of 2023 see to the Integrated report 2023.

Alternative Performance Measures

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:

Q1 2024	Q1 2023*1		NOK million	2023
4	83		Revenue from contracts with customers	568
4	70	-	Cost of goods sold	447
0	13		Gross profit/(loss)	121
0	12		Gross profit/(loss)	121
4	83	/	Revenue from contracts with customers	568
0	0		Gross profit margin	0
0	13		Gross profit/(loss)	121
28	15	-	Personnel expenses	85
28	14	-	Other operating expenses	72
-56	-16		EBITDA	-36
- 56	-17		EBITDA	-36
-	1	+	Non-cash cost of incentive programs/payrolls	3
-	0	+	Non-cash provisions with limited predictive value	6
-56	-16		Adj. EBITDA (excl. non-cash operating expenses)	-27
-56	-17		EBITDA	-36
7	5	-	Depreciation and amortization expenses	22
-63	-22		Operating profit/(loss) (EBIT)	-58

Q1 2024	Q1 2023*1		NOK million	2023
0	6		Purchases of tangible assets	20
0	0	+	Purchases of intangible assets	0
	6		Investments before aquisitions	20
	0	+	Investments due to acquisitions	0
	6		Investments after aquisitions	20
423	747		Order backlog start of period	747
0	0	+	Order intake	242
-3	-83	-	Revenue from project contracts with customers	-566
25	-16	+/-	Revaluation	-1
445	648		Order backlog end of period	423

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