



# Hydrogen pro

## Q4 2021 report

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# Q4 and Year-end 2021 highlights

## Business update

- Owner of world-leading electrode technology reducing production cost of green hydrogen significantly
  - January 2021: acquired Advanced Surface Plating electrode technology in Denmark
  - Completed full-scale fabrication facility year end 2021
- Owner of IP and core technology for production of electrolyser systems
  - November 2021: acquired technology and fabrication facility in China, to be scaled up to 300MW of annual production capacity in Q2 2022

## Sales

- Prospect pipeline from 4.9GW Q1 to 12.0GW Year End
- Contracts
  - Purchase order for world's largest single stack high-pressure alkaline electrolyser system
  - Engineering study for design verification of larger scale H2 production plant for Mitsubishi
  - Engineering studies for 2 major energy companies
  - DG Fuels: FEL 2 study on-going. FID expected Q4 2022

## Organisational developments

- New C-level management
- 3 new board members
- More than doubled organisation at the headquarters in Porsgrunn, Norway
- Approx. 30 new employees in China to be onboarded upon closing of the transaction
- ISO 9001, 14001 and 45001 Certified

## Q4 2021 financials

- Revenues: NOK 11.1m
- Adj. EBITDA: NOK -13.1m
- Investments: NOK 51.8m
- Cash position: NOK 382.3m as of 31<sup>st</sup> of December 2021

## **Major milestone in global technology and manufacturing strategy**

On 17<sup>th</sup> of November 2021 it was announced that the Company had reached an agreement with Tianjin HQY Hydrogen Machinery Co., Ltd. ("THM") where HydrogenPro acquires a 75% stake. The first step is to set up a 300MW annual electrolyser production capacity by Q2 2022 in Tianjin, China.

This completes the first major step of HydrogenPro's global technology and fabrication plan. THM will transfer employees, fixed assets and intellectual property to the new company.

THM has a long-standing history of producing electrolyser components, parts and systems as a supplier to the electrolyser industry in China and has over the past years expanded into assembly and sales of complete electrolyzers.

HydrogenPro's total investment cost is approximately NOK 48 million, whereof approximately NOK 8 million has been pre-paid and the remaining capital injection is approximately NOK 40 million (1 RMB = 1.35 NOK). Additional investments of approx. NOK 25m for further upgrading of the fabrication facility to meet HydrogenPro's standards.

The board of the joint venture will consist of five representatives, with a majority appointed by HydrogenPro. HydrogenPro board member Jarle Dragvik will be chair of the joint venture board.

The production facility will be located in Tianjin and will be equipped with new machines. It is expected to be ready for pilot production by the end of 2021. When fully operational, the facility will have an annual electrolyser production capacity of 300MW, with substantial room for further expansion.

## **Market development**

The Company's active sales pipeline increased with 46%, from 8.2GW to 12.0 GW, or from 66 to 84 projects during fourth quarter. Projects and contract negotiations continue to mature and momentum is building up. Increased Governmental commitments, incl. carbon dioxide emission quotas and award of public funding under various EU or state agencies financing programs are expected to be a catalyst for final investments decisions to be made by project owners.

The Company continued to mature both new and existing key contract opportunities, particularly in France and the US. With reference to the Company's stock exchange notice on 22<sup>nd</sup> of October 2021 H2V sold the remaining ownership of the Normandy hydrogen project, initially planned for 100MW, to Air Liquide. The transaction was announced by Air Liquide in a news release issued on 20<sup>th</sup> October 2021. Consequently, H2V has formally notified HydrogenPro that the ongoing co-operation on the Normandy project will cease.

The announced transaction has no impact on HydrogenPro's work with H2V to mature the Dunkirk green hydrogen project, also initially for 100MW. The companies continue to mature the project and a public survey is currently on-going. This is expected to be finalized by end of April 2022. After the public survey is completed, the next step is to be granted the required authorizations by French authorities followed by FID during second half of 2022.

## **Organisation**

On 25<sup>th</sup> of October 2021, Mr. Elling Nygaard was appointed Chief Executive Officer. Mr. Nygaard brings a demonstrated sales and business development experience from project-oriented technology businesses, where strategic partnerships have played a central role. For more than 20

years, he has held a number of senior management positions, lately working at ABB specifically on hydrogen, including developing a global partnership with HydrogenPro. He has also held the CEO position at several technology companies. He holds an electrical engineer degree, and economy- and market management from BI. Elling joined HydrogenPro on 1<sup>st</sup> of November 2021.

On 18<sup>th</sup> of October 2021 an Extraordinary General Meeting approved the following Board members: Ellen Hanetho (Chair), Richard Espeseth, Jarle Tautra, Kermit Nash and Jarle Dragvik. The changes in the Board include the addition of three new members to HydrogenPro's Board of Directors; Jarle Tautra, Kermit Nash and Jarle Dragvik, who will significantly strengthen the Board of Directors' capacity to support the Company's management. Current board member Ellen Hanetho replaces Chair Walter Qvam, who stepped down together with HydrogenPro co-founder Terje Mikalsen.

The Company continues to strengthen the organisation and its capacities and competences.

#### **Full scale verification of electrode technology**

The factory for production of HydrogenPro's proprietary next generation electrode technology is completed. The production of full-scale electrodes with the new surface treatment is currently ongoing. The Company invested NOK 3.5 million in the production facility during the quarter.

#### **Building up an international supply chain and developing competence and capacities**

The Company has invested NOK 12.7 million in production capacity and technology in China during the quarter. In addition, the Company continues to work on plans and preparation for establishing independent supply chains including fabrication both in Asia, Europe and the US.

#### **DG Fuels' SAF Facility in Louisiana, USA**

On 29<sup>th</sup> of October 2021 HydrogenPro announced that it will join Black & Veatch and Energy Vault, Inc. in financing all expected cash requirements up to the planned financial close. HydrogenPro injects a convertible loan of USD 3 million in DG Fuels together with co-investors. Upsizing of project will require water electrolyser capacity of up to 839 megawatts (MW), with HydrogenPro being the exclusive provider, compared to the 120 MW previously announced. DG Fuels has received several firm commitments and nonbinding letters of intent for offtake agreements for a material portion of its expected production. A FEL-2 study is currently being undertaken by Black & Veatch.

DG Fuels is expected to raise additional equity and debt to fund the construction of its production facility. DG Fuels aims to develop several facilities in North America and Europe, designed to produce low-carbon sustainable aviation fuel by combining carbon from waste feedstock with green hydrogen from renewable sources.

#### **AFTER THE CLOSE OF 2021**

##### **Status of purchase order with Mitsubishi announced 24<sup>th</sup> of August 2021**

The world's largest single stack high-pressure alkaline electrolyser system is currently being fabricated in China. Covid-19 infection control measures in China in early 2022 has led to a lock down of the fabrication facility which has caused a delay in the delivery of approx. four weeks.

The system is planned to be completed at the fabrication facility by end of first quarter 2022 and then transported to Norway for installation and commissioning.

#### **MoU with L&T for Manufacturing Hydrogen Electrolysers in India**

On 27<sup>th</sup> of January 2022 HydrogenPro announced a Memorandum of Understanding (MoU) with Larsen & Toubro (L&T), an Indian multinational engaged in EPC Projects, Hi-Tech Manufacturing and Services, for a partnership for manufacturing of hydrogen electrolyzers in India.

Under this agreement, HydrogenPro and L&T will jointly work towards setting up of a joint venture in India for Gigawatt-scale manufacturing of Alkaline Water Electrolysers based on HydrogenPro technology for Indian market and other select geographies. The proposed joint venture in India is in line with L&T's strategic vision to be present across the green energy value chain and HydrogenPro's strategy of establishing a global manufacturing footprint to maintain cost leadership and ensure local presence.

#### **Awarded large-scale contract for an initial delivery of 40 electrolyzers to Mitsubishi Power Americas, Inc.**

On 3<sup>rd</sup> of February 2022 HydrogenPro announced that the Company has signed a contract for an initial delivery of 40 electrolyzers to Mitsubishi Power Americas, Inc. making it one of the largest electrolyser system contracts ever placed. The initial value of the contract exceeds USD 50 million for HydrogenPro's scope of delivery. The EPC and other system deliverables for a turn-key electrolyser green hydrogen production plant will be supplied by other companies. The green hydrogen will be consumed for power generation in the U.S.

The purchase order is dependent on a final investment decision, which is expected in the first half of 2022. However, a nonrefundable commitment has been made by Mitsubishi Power, enabling HydrogenPro to prepare for production.

## **OUTLOOK**

The outlook for the Company's services continue to strengthen backed by an ever-increasing focus on the need for an energy transition away from fossil energy sources. This is manifested through an increasing number of opportunities and projects within the green hydrogen space. Clients continue to mature projects and financing and move steadily towards final investment decision and thus contract awards. The signing of the Purchase Contract with Mitsubishi Power Americas Inc. was an important milestone and the Company expects to also see a strong demand for its early phase and front-end engineering studies.

HydrogenPro is attractively positioned in this developing market due to its mature and well proven high pressure alkaline technology in combination with energy efficient electrode technology. The Company has previously stated its ability to deliver a Levelized Cost of Hydrogen ("LCOH") at a cost of USD 1.20 USD per kg (assumed electricity price of 0.02 USD/kWh).

## FINANCIALS

### Income statement

(NOKm)

INCOME STATEMENT	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2021
Revenue, incl. other operating income	11.1	8.2	0.1	0.6	20.0
Raw materials and consumables used	4.3	6.5	0.1	0.7	11.6
Payroll expenses	9.2	3.1	2.0	1.7	16.0
Other operating expenses	10.7	3.6	3.3	3.6	21.1
<b>Adj. EBITDA (excl. non-cash operating expenses)</b>	<b>-13.1</b>	<b>-4.9</b>	<b>-5.3</b>	<b>-5.4</b>	<b>-28.7</b>
Non-cash payroll expenses	3.4	3.5	5.3	2.7	15.0
Non-cash other operating expenses	0.0	2.2	1.4	-	3.6
<b>EBITDA</b>	<b>-16.5</b>	<b>-10.6</b>	<b>-12.0</b>	<b>-8.1</b>	<b>-47.2</b>
Depreciation and amortisation expenses	2.2	1.3	1.3	1.3	6.2
<b>EBIT</b>	<b>-18.7</b>	<b>-12.0</b>	<b>-13.3</b>	<b>-9.5</b>	<b>-53.5</b>
Net financial items	1.4	0.4	0.0	-0.1	1.7
<b>Result before tax</b>	<b>-17.3</b>	<b>-11.6</b>	<b>-13.3</b>	<b>-9.6</b>	<b>-51.8</b>
Tax expense	-0.6	-0.2	-0.2	-0.3	-1.2
<b>Net profit</b>	<b>-16.8</b>	<b>-11.4</b>	<b>-13.1</b>	<b>-9.3</b>	<b>-50.5</b>

HydrogenPro generated revenues of NOK 11.1 million during fourth quarter 2021 compared to NOK 8.2 million in third quarter 2021. Revenues are recognized according to the percentage of completion principle. Revenues in the quarter relates mainly to the delivery of the Purchase Order signed with Mitsubishi on 24<sup>th</sup> of August 2021, for the delivery of world's largest single stack high-pressure alkaline electrolyser system. In addition to this, two engineering studies contributed to the reported sales in Q4.

Adjusted EBITDA (excl. option-based compensation cost of NOK 3.4 million, which has a non-cash effect.) of NOK -13.1 million during the fourth quarter 2021 (NOK -4.9 million during the third quarter 2021).

Reported EBITDA during the quarter was -16.5 million vs. NOK -10.6 million in Q3 2021, with an operating loss of NOK 18.7 million vs. NOK 12.0 million in the third quarter.

Operating expenses: NOK 4.3 million in raw materials and consumables used (NOK 6.5 million in third quarter), NOK 12.6 million in total reported payroll expenses (NOK 6.6 million in third quarter) and NOK 10.7 million in other operating expenses (NOK 5.8 million in third quarter) and NOK 2.2 million in depreciation & amortisation expenses (NOK 1.3 million in third quarter).

Net financial items in the quarter amounted to NOK 1.4 million vs NOK 0.4 million in Q3 2021.

Net loss (after tax) for the quarter ended at NOK 16.8 million vs. a net loss of NOK 11.4 million in Q3 2021.

## Balance sheet

(NOKm)

BALANCE SHEET	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2021
<b>ASSETS</b>					
Total intangible assets	65.8	61.3	59.5	56.7	55.3
Plant, machinery and equipment	22.8	16.6	11.6	2.6	2.8
Financial fixed assets	48.0	7.3	7.3	0.1	0.1
<b>Total fixed assets</b>	<b>136.6</b>	<b>85.2</b>	<b>78.4</b>	<b>59.4</b>	<b>58.1</b>
Current operating assets	20.9	14.9	3.9	5.7	5.7
Cash and cash equivalents	382.3	443.4	471.2	489.5	506.1
<b>Total current assets</b>	<b>403.2</b>	<b>458.2</b>	<b>475.1</b>	<b>495.2</b>	<b>511.8</b>
<b>Total assets</b>	<b>539.8</b>	<b>543.4</b>	<b>553.5</b>	<b>554.7</b>	<b>570.0</b>
<b>EQUITY AND LIABILITIES</b>					
Total equity	517.3	528.0	533.6	540.6	515.7
Provisions	10.4	9.7	9.8	10.1	10.3
Total short term liabilities	12.0	5.7	10.0	4.0	44.0
<b>Total liabilities</b>	<b>22.5</b>	<b>15.4</b>	<b>19.8</b>	<b>14.1</b>	<b>54.3</b>
<b>Total equity and liabilities</b>	<b>539.8</b>	<b>543.4</b>	<b>553.5</b>	<b>554.7</b>	<b>570.0</b>

Total assets as of 31<sup>st</sup> of December 2021 were NOK 539.8 million, whereof NOK 403.2 million in current assets (NOK 382.3 million in cash and deposits and NOK 20.9 million in other current assets), NOK 136.6 million in total fixed assets, whereof NOK 65.8 million in intangible assets, NOK 22.8 million in plant, machinery and equipment and NOK 48.0 million in financial fixed assets.

Total equity amounted to NOK 517.3 million and total liabilities of NOK 22.5 million, whereof NOK 12.0 million in short-term liabilities and NOK 10.4 million in long-term liabilities/provisions. The book equity ratio as of 31<sup>st</sup> December 2021 was 95.8% compared to 97.2% at end of third quarter.

## Cash flow statement

(NOKm)		Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2021
<b>CASH FLOW STATEMENT</b>						
<b>Cash balance start of period</b>		<b>443.4</b>	<b>471.2</b>	<b>489.5</b>	<b>506.1</b>	<b>506.1</b>
Net cash flows from operating activites		-11.1	-19.7	2.0	-14.2	-43.0
Net cash flows from investing activites		-51.8	-8.1	-20.3	-2.7	-82.9
Net cash flows from financing activites		1.7	-	-	0.3	2.0
<b>Total changes in cash</b>		<b>-61.1</b>	<b>-27.8</b>	<b>-18.3</b>	<b>-16.6</b>	<b>-123.9</b>
<b>Cash balance end of period</b>		<b>382.3</b>	<b>443.4</b>	<b>471.2</b>	<b>489.5</b>	<b>382.3</b>

Net change in cash position during the fourth quarter was NOK -61.1 million compared to NOK -27.8 million in Q3 2021.

Net cash flow from operating activities was NOK -11.1 million, compared to NOK -19.7 million in Q3 2021.

During the fourth quarter net cash flow from investing activities was NOK - 51.8 million, whereof: Convertible note to DG Fuels (NOK 25.1million), production capacity in China (NOK 12.7million), next generation electrodes (NOK 8.3 million, whereof NOK3.5 million in the production facility and NOK 4.8 million is an additional cash consideration in connection with the acquisition of Advanced Surface Plating ApS) and other (NOK 5.7 million). Net cash flow from financing activities of NOK 1.7 million mainly related to a share capital increase in connection with exercise of share options, vs. NOK 0.0 million in Q3 2021.

# Financial statements

## INCOME STATEMENT

(NOK)

	Note	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q1-Q4 2021	Q4 2020	FY 2020
Sales revenue	1, 2	11 065 727	8 239 055	133 468	598 047	20 036 297	15 458 871	26 557 242
Other operating income		0	0	0	0	0	136 330	136 330
<b>Operating Income</b>		<b>11 065 727</b>	<b>8 239 055</b>	<b>133 468</b>	<b>598 047</b>	<b>20 036 297</b>	<b>15 595 201</b>	<b>26 693 572</b>
Raw materials and consumables used	2	4 303 723	6 497 067	94 856	736 389	11 632 035	4 196 315	6 322 540
Payroll expenses		12 598 939	6 597 820	7 376 382	4 367 980	30 941 121	2 913 491	10 987 667
Depreciation of tangible and intangible fixed assets	3, 4	2 188 714	1 346 140	1 346 139	1 346 140	6 227 133	331 249	357 147
Other operating expenses		10 676 198	5 767 561	4 650 840	3 604 154	24 698 753	10 370 217	14 986 780
<b>Operating expenses</b>		<b>29 767 574</b>	<b>20 208 588</b>	<b>13 468 217</b>	<b>10 054 662</b>	<b>73 499 042</b>	<b>17 811 272</b>	<b>32 654 134</b>
<b>Operating profit/loss</b>		<b>-18 701 847</b>	<b>-11 969 533</b>	<b>-13 334 749</b>	<b>-9 456 615</b>	<b>-53 462 745</b>	<b>-2 216 071</b>	<b>-5 960 562</b>
Financial income and expenses								
Other interest income		2 054 968	0	0	953	2 055 921	449 068	449 068
Other financial income		72 939	521 871	76 222	276 062	947 094	606 515	1 455 934
Other interest expenses		2 089	11 959	18 620	16 810	49 478	35 965	491 562
Other financial expenses		762 902	114 505	33 141	361 208	1 271 756	695 423	3 693 540
<b>Net financial income and expenses</b>		<b>1 362 916</b>	<b>395 407</b>	<b>24 461</b>	<b>-101 003</b>	<b>1 681 781</b>	<b>324 195</b>	<b>-2 280 100</b>
<b>Result before tax</b>		<b>-17 338 931</b>	<b>-11 574 126</b>	<b>-13 310 288</b>	<b>-9 557 618</b>	<b>-51 780 964</b>	<b>-1 891 875</b>	<b>-8 240 662</b>
Tax expense		-569 533	-169 721	-241 331	-250 882	-1 231 467	0	7 726 572
<b>Operating result after tax</b>		<b>-16 769 398</b>	<b>-11 404 405</b>	<b>-13 068 957</b>	<b>-9 306 736</b>	<b>-50 549 497</b>	<b>-1 891 875</b>	<b>-15 967 234</b>
<b>Net result after tax</b>		<b>-16 769 398</b>	<b>-11 404 405</b>	<b>-13 068 957</b>	<b>-9 306 736</b>	<b>-50 549 497</b>	<b>-1 891 875</b>	<b>-15 967 234</b>
Loss brought forward		16 769 398	11 404 405	13 068 957	9 306 736	50 549 497	1 891 875	15 967 234
Total brought forward		-16 769 398	-11 404 405	-13 068 957	-9 306 736	-50 549 497	1 891 875	-15 967 234

# BALANCE SHEET

(NOK)

	Note	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2020
<b>ASSETS</b>						
Fixed assets						
Intangible fixed assets						
Research and development	3	47 729 695	44 764 337	45 130 478	45 707 171	46 852 005
Licences, patents etc.	3	18 085 428	16 583 511	14 386 632	11 038 616	8 456 384
<b>Total intangible assets</b>		<b>65 815 123</b>	<b>61 347 848</b>	<b>59 517 110</b>	<b>56 745 787</b>	<b>55 308 389</b>
Tangible fixed assets						
Plant and machinery	4	20 206 148	16 373 021	11 428 790	2 565 047	2 715 897
Equipment and other movables	4	2 607 513	197 978	135 327	79 800	40 596
<b>Total tangible fixed assets</b>		<b>22 813 661</b>	<b>16 570 999</b>	<b>11 564 117</b>	<b>2 644 847</b>	<b>2 756 494</b>
Financial fixed assets						
Investments in subsidiaries		101 000	101 000	50 000	50 000	50 000
Loans to group companies		633 644	0	0	0	0
Investments in shares		1	1	1	1	6 702
Other long term receivables	7	47 225 981	7 154 536	7 268 038	0	0
<b>Total financial fixed assets</b>		<b>47 960 626</b>	<b>7 255 537</b>	<b>7 318 039</b>	<b>50 001</b>	<b>56 702</b>
<b>Total fixed assets</b>		<b>136 589 410</b>	<b>85 174 384</b>	<b>78 399 266</b>	<b>59 440 635</b>	<b>58 121 584</b>
Current assets						
Inventories		307 580	0	0	0	0
Receivables						
Accounts receivables		13 042 316	9 242 146	1 037 999	1 047 320	3 182 831
Other receivables		7 593 827	5 534 386	2 849 105	4 673 568	2 540 970
Receivables from group companies		0	103 767	0	0	0
<b>Total debtors</b>		<b>20 636 143</b>	<b>14 880 299</b>	<b>3 887 104</b>	<b>5 720 888</b>	<b>5 723 801</b>
Bank deposits, cash and cash equivalents						
Bank deposits, cash and cash equivalents		382 255 258	443 353 148	471 173 983	489 504 526	506 110 924
<b>Total Bank deposits, cash and cash equivalents</b>		<b>382 255 258</b>	<b>443 353 148</b>	<b>471 173 983</b>	<b>489 504 526</b>	<b>506 110 924</b>
<b>Total current assets</b>		<b>403 198 981</b>	<b>458 233 447</b>	<b>475 061 087</b>	<b>495 225 414</b>	<b>511 834 725</b>
<b>Total assets</b>		<b>539 788 392</b>	<b>543 407 832</b>	<b>553 460 353</b>	<b>554 666 049</b>	<b>569 956 309</b>

## BALANCE SHEET (CONT.)

(NOK)

	Note	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2020
EQUITY AND LIABILITIES						
Equity						
Paid in equity						
Share capital	5, 6	58 028	57 806	57 806	57 806	57 169
Share premium reserve		576 141 266	574 588 441	574 588 441	574 588 441	542 170 113
Other paid-in equity		26 800 140	22 978 690	17 016 162	10 873 342	9 098 130
<u>Total restricted equity</u>		<u>602 999 434</u>	<u>597 624 937</u>	<u>591 662 409</u>	<u>585 519 589</u>	<u>551 325 412</u>
Retained earnings						
Other equity						
Loss brought forward		-85 684 773	-69 596 847	-58 032 116	-44 954 981	-35 648 245
<u>Total retained earnings</u>		<u>-85 684 773</u>	<u>-69 596 847</u>	<u>-58 032 116</u>	<u>-44 954 981</u>	<u>-35 648 245</u>
<u>Total equity</u>	6	<u>517 314 661</u>	<u>528 028 089</u>	<u>533 630 293</u>	<u>540 564 608</u>	<u>515 677 167</u>
Liabilities						
Provisions						
Deferred tax		10 435 792	9 651 480	9 821 199	10 062 531	10 307 441
<u>Total provisions</u>		<u>10 435 792</u>	<u>9 651 480</u>	<u>9 821 199</u>	<u>10 062 531</u>	<u>10 307 441</u>
Current liabilities						
Trade payables		3 289 534	2 148 865	5 063 308	365 229	7 183 663
Public duties payable		5 071 224	1 181 809	2 764 869	1 348 573	1 101 563
Other short term liabilities		3 677 182	2 397 589	2 180 682	2 325 107	35 686 475
<u>Total short term liabilities</u>		<u>12 037 940</u>	<u>5 728 263</u>	<u>10 008 859</u>	<u>4 038 909</u>	<u>43 971 701</u>
<u>Total liabilities</u>		<u>22 473 732</u>	<u>15 379 743</u>	<u>19 830 059</u>	<u>14 101 441</u>	<u>54 279 142</u>
<u>Total equity and liabilities</u>		<u>539 788 392</u>	<u>543 407 832</u>	<u>553 460 353</u>	<u>554 666 049</u>	<u>569 956 309</u>

# CASH FLOW STATEMENT

(NOK)

Notes	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q1-Q4 2021	FY 2020
Cash flows from operating activities						
Net Income / (Loss) before tax	-17 338 930	-11 574 125	-13 310 290	-9 557 618	-51 780 963	-8 240 662
Depreciation, amortisation & impairment	3, 4	2 188 714	1 346 140	1 346 138	6 227 132	357 147
Option cost no cash effect		3 424 751	5 706 355	6 721 243	2 680 945	18 533 294
Change in inventory		0	0	0	0	0
Change in accounts receivable		-3 800 170	-8 204 147	9 321	2 135 511	-9 859 485
Change in accounts payable		1 140 669	-2 914 443	4 698 079	-6 818 434	-3 894 129
Write-down shares		0	0	0	6 701	0
Effect of foreign currency translation		243 150	81 262	6 408	5 972	336 792
Change in other accruals		3 085 826	-4 155 201	2 517 911	-3 992 688	-2 544 152
Net cash flows from operating activities		-11 055 990	-19 714 159	1 988 810	-14 193 471	-42 974 811
						-3 689 394
Cash flows from investing activities						
Change in tangible assets	4	-6 301 917	-5 166 461	-9 108 014	-62 515	-20 638 907
Change in intangible assets	3	-4 867 886	-3 002 716	-3 943 301	-2 609 377	-14 423 280
Change in other investing activities	7	-40 601 322	62 502	-7 268 038	0	-47 806 858
Net cash flows from investing activities		-51 771 125	-8 106 675	-20 319 353	-2 671 892	-82 869 045
						-9 280 373
Cash flows from financing activities						
Repayment of loan		0	0	0	0	-23 264 446
Transaction not recognized over P&L		176 177	0	0	176 177	0
Proceeds from Equity Issue	5, 6	1 553 048	0	0	258 965	1 812 013
Net cash flows from financing activities		1 729 225	0	0	258 965	1 988 190
						509 088 292
Cash balance start of period		443 353 148	471 173 983	489 504 526	506 110 924	506 110 924
Net change in cash		-61 097 890	-27 820 835	-18 330 543	-16 606 398	-123 855 666
Cash balance end of period		382 255 258	443 353 148	471 173 983	489 504 526	506 110 924

# Accounting principles

The quarterly statements have been prepared in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. All notes of importance for substantiation of the accounts are included.

## Changes in accounting policies

There has not been any accounting policy change in fourth quarter 2021.

# Notes

## Note 1 Revenues

Per segment	Q4 2021	Q3 2021	FY 2021	FY 2020
Norway	0	0	0	136 330
Europe	102 221	71 905	905 641	8 412 867
America	8 037 308	8 167 150	16 204 458	18 144 375
Asia Pacific	2 926 198	0	2 926 198	0
Total	11 065 727	8 239 055	20 036 297	26 693 572

## Note 2 Long-term contracts

Group balance sheet value of projects	Q4 2021	30.09.2021	30.06.2021	FY 2020
<b>Included in trade debtors</b>				
Advance invoices production	455 941	614 221	0	0
Retained payments according to contract	1 034 725	1 024 130	974 588	974 588
<b>Included in short term debt</b>				
Prepayments from customers	1 348 118	73 280	145 185	786 700
Remaining production on projects with losses	200 000	179 500	350 000	250 000

Note 3 Intangible assets

			Total intangible assets
	Licences	R&D	
Group intangible assets			
Purchase cost 01.01.2021	8 456 384	46 852 005	55 308 389
Additions	9 629 045	6 180 989	15 810 034
Impairment	0	0	0
Disposals	0	0	0
Purchase cost 31.12.2021	18 085 429	53 032 994	71 118 423
Accumulated Derecipation 31.12.	0	5 303 300	5 303 300
Net book value 31.12.2021	18 085 430	47 729 695	65 815 124
Derecipation in the quarter	-	1 787 364	1 787 364
Economic useful life	5 - 10 years	10 years	
Derecipation plan	Straight line	Straight line	

Additional information regarding licences and R&D costs:

Licences

In the quarter the additions to licences corresponds to several investment projects:

Alkaline technology and supply:

Additions to licences include capitalized costs to secure supply of alkaline elektrolyzers. HydrogenPro have invested in access to technology and production capacity of alkaline technology electrolyzers. The economic lifetime is expected to be 5 years. Depreciation will be effective when the first electrolyzers are delivered. During the quarter these investments corresponded to approximately 1,5 MNOK (6,3 MNOK YTD 2021).

17 November 2021 HydrogenPro reached an agreement with Tianjin HOY Hydrogen Machinery Co., Ltd. ("THM") to take control over the fabrication supply of electrolyzers, which will allow HydrogenPro to utilize THM's electrolyser technology globally. HP have pre-paid some of the agreed capital injection as of 31.12.2021. The pre-payments are placed under other long term receivables (see note 7).

Note 4 Fixed assets

	Machinery and			
	Plant and	Movables	plant in	Total fixed
	machinery		progress	assets
Group fixed assets				
Purchase cost 01.01.2021	3 017 597	146 941	0	3 164 539
Additions	14 157 477	2 626 181	5 206 364	16 783 659
Transfer	0	0	0	0
Impairment	0	0	0	0
Skattefunn	0	0	-1 009 020	0
Disposals	0	0	0	0
Acquisition cost 31.12.2021	17 175 076	2 773 123	4 197 344	24 145 542
Accumulated depreciation 30.12.2021	1 166 270	165 610	0	1 331 879
Net book value 31.12.2021	16 008 805	2 607 513	4 197 344	22 813 662
Depreciation in the quarter	411 885	99 861	0	511 746
Expected useful life	5 to 10 years	5 to 15 years		
Depreciation plan	Straight line	Straight line		

Additional information regarding fixed assets

Technology center Herøya:

The Technology center at Herøya comprises two containers located close to HQ of HydrogenPro i Porsgrunn. The additions in the quarter corresponds to 1,4 MNOK (5,5 MNOK YTD 2021). The container that HP aquired in 2020 have been subject for 5 years straight line depreciation during 2021. The additions made according to the in progress project, will be subject for depreciation when the lab is up running, estimated to 01.01.2022. The work to set up the technology center, have been subject for support from skattefunn during 2021. The purchase cost will hereby be reduced accordingly.

Advanced Surface Plating Line:

Additions per Q4 2021 are equivalent to 3,5 MNOK. These are costs incurred to establish the production plant facility in Aarhus. The depreciation corresponds to straight line and was effective from 01.10.2021.

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Note 5 Share capital and shareholder information

The share capital of NOK 58 028 consist of 58 028 171 shares with nominal value of NOK 0,001 each.

All shares are equal.

		Number of	
		shares	Ownership
List of (20) major shareholders as of 31 of December 2021			
RICHARD ESPESETH	Board member	11 424 125	19.7 %
TM HOLDING AS	CEO is Board member	9 635 182	16.6 %
CLEARSTREAM BANKING S.A.		6 280 423	10.8 %
Mitsubishi heavy Industries Ltd		5 381 165	9.3 %
VIVIAN YANJIN CHEN ESPESETH		3 173 571	5.5 %
Citibank Europe plc		1 600 000	2.8 %
Avanza Bank AB		1 523 731	2.6 %
ENERN INVEST AS		1 506 966	2.6 %
TOR DANIELSEN		1 373 571	2.4 %
JAN FREDRIK GARVIK		1 337 411	2.3 %
DZ Privatbank S.A.		1 322 981	2.3 %
VERDIPAPIRFONDET DNB SMB		1 174 894	2.0 %
Nordnet Bank AB		872 205	1.5 %
VERDIPAPIRFONDET PARETO INVESTMENT		841 000	1.4 %
BARCLAYS CAPITAL SEC. LTD FIRM		745 934	1.3 %
Nordea Bank Abp		727 783	1.3 %
VPF NORGE SELEKTIV		604 914	1.0 %
Goldman Sachs & Co. LLC		415 629	0.7 %
LJM AS		350 000	0.6 %
The Bank of New York Mellon		335 335	0.6 %
Sum largest shareholders		50 626 820	87.2 %
Sum other shareholders		7 401 351	12.8 %
Total number of shares		58 028 171	100 %

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Note 6 Equity

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Hydrogrenpro Group:

	Share capital	Share premium	Option program	Other equity	Total
Equity changes in the quarter					
Equity 01.01.2021	57 169	542 170 113	9 098 130	-35 648 245	515 677 167
Net profit/loss per 31.12.2021				-50 549 497	-50 549 497
Change in options			17 702 010		17 702 010
Capital increase	859	33 971 154			33 972 013
Other changes in equity				176 177	176 177
Foreign Currency Translation				336 792	336 792
Equity 31.12.2021	58 028	576 141 267	26 800 140	-85 684 773	517 314 661

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Note 7 Other long term receivables (Financial fixed assets)

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	31.12.2021	30.09.2021	H1 2021	31.12.2020
Long-term investment	17 933 896	6 668 500	6 668 500	0
Deposit	495 393	486 036	598 456	0
Convertible loan DG Fuels	25 086 759	0	0	0
Other receivables	3 709 934	0	1 082	0
Total other receivables	47 225 981	7 154 536	7 268 038	-

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Additional information regarding Other long term receivables:

Long-term investment:

17 November 2021 HydrogenPro reached an agreement with Tianjin HOY Hydrogen Machinery Co., Ltd. ("THM") to take control over the fabrication supply of electrolyzers. HP have pre-paid approximately NOK 18 million as part of the NOK 48 million capital injection as of 31.12.2021. The pre-payments are classified as other long term receivables.

Convertible loan DG Fuels:

29 October 2021 HydrogenPro announced that it will join as a co-investor by financing DG Fuels, LLC's ("DG Fuels") sustainable aviation fuel (SAF) project.

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## **Alternative Performance Measures**

HydrogenPro discloses alternative performance measures.

This is based on the group's experience that APMs are frequently used by analysts, investors and other parties as supplemental information.

The purpose of APMs is to provide an enhanced insight into the operations, financing and future prospect of the group. Management also uses these measures internally to drive performance in terms of monitoring operating performance and long-term target setting. APMs are adjusted IFRS measures that are defined, calculated and used in a consistent and transparent manner over the years and across the group where relevant.

Financial APMs should not be considered as a substitute for measures of performance in accordance with the Norwegian Accounting Standards.

HydrogenPro's financial APMs:

- EBITDA: is defined as earnings before interest, tax, depreciation, amortisation and impairment, corresponding to operating profit/(loss) plus depreciation, amortisation and impairment.
- Adjusted EBITDA excludes special items, e.g. non-cash impact of incentive program, to better present the underlying performance in the reported period.
- Investments: 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.

PORSGRUNN/OSLO, 14 FEBRUARY 2022

THE BOARD OF DIRECTORS

Ellen Hanetho

Chair of the Board

(Electronically signed)

Jarle Tautra

Board member

(Electronically signed)

Jarle Dragvik

Board member

(Electronically signed)

Richard Espeseth

Board member

(Electronically signed)

Kermit Nash

Board member

(Electronically signed)

Elling Nygaard

CEO

(Electronically signed)

To the board of  
**HydrogenPro AS**

## Report on Review of Interim Financial Information

To the board of Hydrogenpro AS

We have reviewed the accompanying consolidated balance sheet of HydrogenPro AS as of December 31, 2021 and the related consolidated statements of income and cash flow statement for the three-month period, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

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

### Conclusion

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Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at December 31, 2021, and of its financial performance and its cash flows for the three month period then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

BDO AS

Esben Åsulfsen  
State Authorized Public Accountant  
(signed electronically)

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**Espen Åsulfsen**

Partner

På vegne av: BDO AS

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# Hydrogen pro

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