Quarterly Report

Q4 2022

HydrogenPro ASA

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HydrogenPro

About

Technology Leader

Global Footprint

Scalability

Life Cycle Partner

HydrogenPro designs and supplies large scale hydrogen production plants in cooperation with global partners and suppliers. Our core product is the alkaline high-pressure electrolyser.

The company was founded in 2013 by individuals with background from the electrolysis industry. We are an experienced engineering team of leading industry experts, drawing upon unparalleled experience and expertise in the hydrogen and renewable energy industry.

Our advanced electrode technology enables us to increase the efficiency of each unit by 14%, hence reducing electricity cost with 14%. This is a significant step forward as the cost of electric power, depending on market prices, amounts to 70-90% of the total cost of producing hydrogen, the value of such increased efficiency equals approximately the investment cost for the entire plant in a Total Cost of Operation perspective.

Unlike traditional alkaline systems, our high-pressure units (up to 30 bar) save compression costs and are superbly suited for variable loads from solar panels and wind turbines. Thus, we compare favourably to alternative technologies. We are able to produce hydrogen at a lower cost, without using noble or scarce metals, while using renewable energy sources.

The demand for green hydrogen is accelerating all over the world, and we are aiming to become the #1 large-scale hydrogen production systems player. While most analysts predict that the cost of hydrogen will be reduced to USD 1.5/kg in 2030, HydrogenPro can deliver hydrogen at about 1.2 USD/kg with the new technology (at an electricity price of USD 20/MWh).

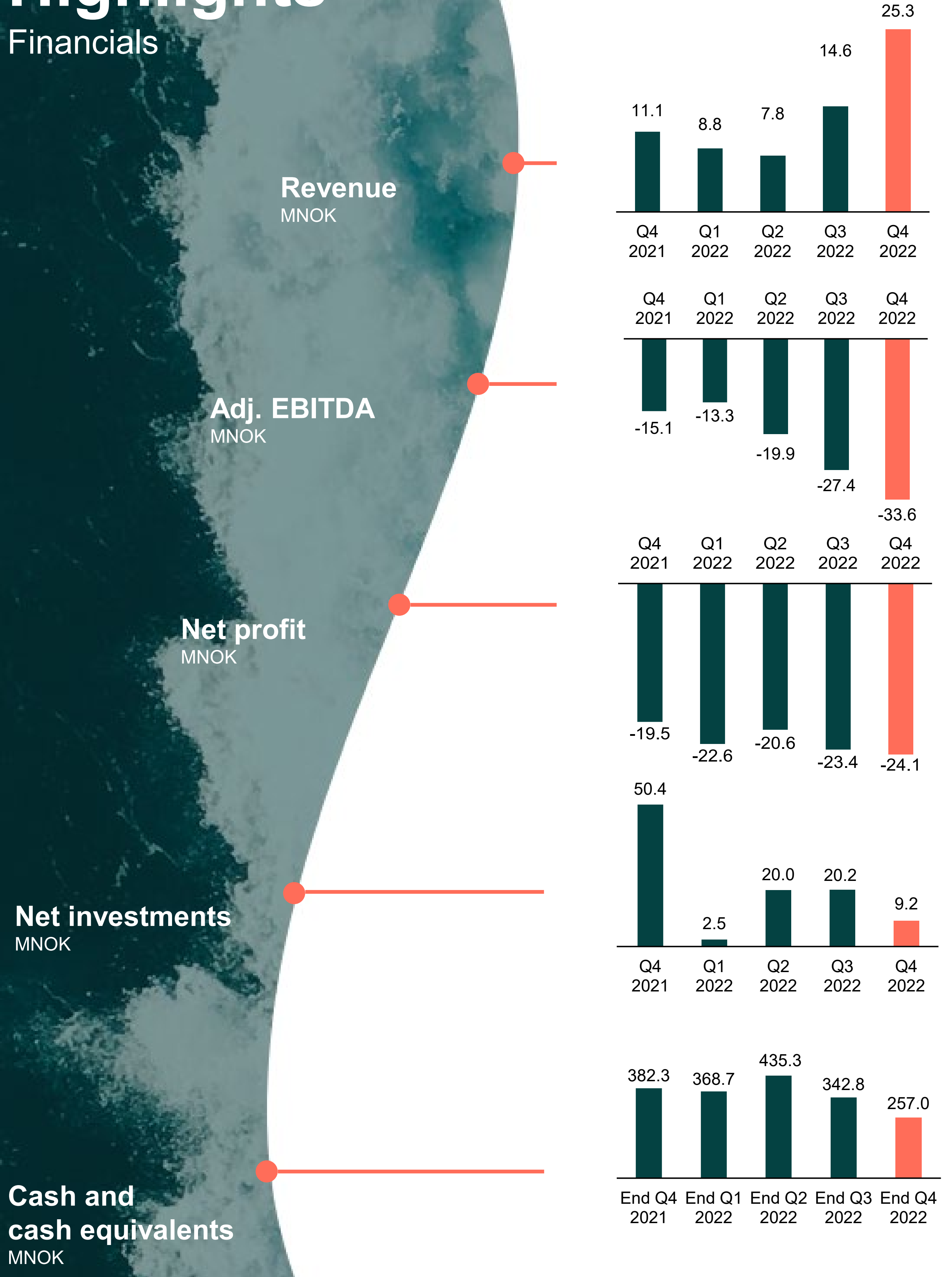
Highlights

Q4 2022 Highlights

- **Proof of concept for the world's largest electrolyser**
- **300 MW manufacturing facility upgraded and scaled to deliver on purchase orders**
  - HydrogenPro is a technology owner – enabling global manufacturing capacity
- **HydrogenPro's partner DG Fuels has secured off-take for 100% at the SAF plant in Louisiana, US with electrolyser requirements of ~840MW**
  - The US has established an extensive green hydrogen incentive program, (including cost support of 3 USD/kg green H2) making it a highly attractive hydrogen market
  - New major hydrogen prospects are quickly evolving; several major initiatives and manufacturing capacity are currently being planned for the US market
- **Appointment of Tarjei Johansen as new CEO from 1 December 2022**
  - Also, the organization has been expanded to 165 employees (as of 7 February 2023) and new offices have been established in Duisburg, Germany
- **Financials**
  - Revenues of NOK 25.3 million
  - Reported EBITDA of NOK - 32.5 million
  - Net profit of NOK – 24.1 million
  - Backlog of NOK 747 million
- **Active sales pipeline of 18.5 GW**
- **HydrogenPro share trading on main market in Oslo from 3 October 2022**

Highlights

Financials



Q4 2022 Summary

Developments during the quarter

Market development

The high activity levels in the green hydrogen space continued into the fourth quarter of 2022, leading to favorable market conditions for HydrogenPro. Customers showed increased engagement, and several projects in the active part of the pipeline matured further. Throughout the quarter, customers initiated specific discussions on both commercial conditions and technical performance values, as well as slot reservation mechanisms.

Customers requesting Front-End Engineering Design (FEED) studies are becoming more common. This indicates an increased development prior to Final Investment Decisions and subsequent purchase orders.

The customer typically have formed an opinion on supplier selection when entering the FEED stage, and the number of supplier entering this stage of a project is usually limited to a couple. This also follows from the restrained capacity in the electrolyser market, where clients are increasingly concerned about the potential availability on equipment meeting their demand.

In the US, the inflation reduction act (IRA) passed by Congress in August 2022, is beginning to show effect. The newly introduced favorable tax scheme for producers of green hydrogen contributed to acceleration of several US based projects this quarter, both for project development as well as increased commercial readiness. This is expected to result in final investment decisions being made within 2023.

The development in US has driven both industrial players as well as the political establishment to push for a similar regime also in Europe. This is in order to avoid the US to capture the available electrolyser capacity and the suppliers' attention, leaving European projects behind. In Europe we see active projects within all industrial sectors, however the lack of available funding as well as the energy restraints/cost has stalled many projects to materialize up to now. This is expected to improve in 2023, following measures initiated by the European Union and National Governments.

More distant markets as India, North Africa/Middle East and Australia are still ramping up their ambitions. Especially based on the expectations to green ammonia as a future energy carrier and fuel, this in addition to its traditionally use within the agriculture industry.

First trading date on Oslo Børs main market

On 3 October 2022 HydrogenPro ASA had its first day of trading on Oslo Børs main market. The company's shares trade under the ticker "HYPRO".

Tarjei Johansen appointed new CEO

On 18 November 2022 HydrogenPro announced the appointment of Tarjei Hansen as new CEO. Mr. Johansen's first day in the office was on 1 December 2022. He has held executive positions in Schlumberger, Kemira and Bureau Veritas, leading several hundred employees through profitable growth.

Q4 2022 Summary

DG Fuels has sold out 100% of the expected initial production at the plant in Louisiana, US

During the quarter two off-take agreements were signed for Sustainable Aviation Fuel ("SAF") from DG Fuels' planned SAF facility in Louisiana, USA; Air France-KLM on 25 October 2022 and an undisclosed buyer on 10 November 2022. In total, DG Fuels has sold out 100% of the expected initial production of approximately 120 million gallons per year.

Validation of the world's largest electrolyser

The initial test of the world's largest alkaline high-pressure electrolyser at the Herøya Industrial Park located in Porsgrunn, Norway is completed. The single 5,5 megawatt (MW) electrolyser has been validated to produce 1,100 Nm3/h hydrogen at normal current density. This equals 100 kg of pure green pressurized hydrogen per hour, which sets a new standard for the industry. The test provides proof-of-concept that our electrolyser and gas separator technologies will produce hydrogen on a large scale. Further testing to optimize electrolyser efficiency on-going.

300 MW manufacturing facility

During the quarter, HydrogenPro's manufacturing facility in Tianjin, China was upgraded with new manufacturing equipment. The manufacturing process is on-going to deliver on the awarded purchase orders.

Subsequent events

No events have occurred after the balance sheet date with significant impact on the interim financial statement for the fourth quarter or the year 2022.

Q4 2022 Summary

Outlook

The outlook for the Company's services continues to strengthen backed by an ever-increasing focus on the need for a green energy transition. 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 Company expects to also see a strong demand for its early phase and front-end engineering studies.

With regards to the Advanced Clean Energy Storage ("ACES") project, HydrogenPro plans to complete the manufacturing of the electrolyser systems in second half of 2023, and plan to recognize ~90% of the total project revenues of the >50 USD mill. contract by the end of 2023 - with a positive margin impact

HydrogenPro is attractively positioned in this market with its mature and well proven alkaline high-pressure technology, in combination with its energy efficient electrode technology.

Financials

Income statement

NOK million	Q4 2022	Q4 2021	FY 2022	FY 2021
Revenue from contracts with customers	25.3	11.1	56.4	20.0
Cost of goods sold	21.5	4.3	44.4	11.6
Personnel expenses	18.5	10.2	52.4	17.9
Other operating expenses	18.8	11.7	53.8	27.2
Adj. EBITDA (excl. non-cash operating expenses)	**-33.6**	**-15.1**	**-94.2**	**-36.7**
Non-cash cost of incentive programs/payrolls	-1.2	3.5	10.3	15.0
Non-cash accruals/provisions	-0.2	2.2	0.7	3.6
EBITDA	**-32.2**	**-20.8**	**-105.5**	**-55.2**
Depreciation and amortization expenses	5.4	1.9	14.0	5.2
EBIT	**-37.6**	**-22.8**	**-119.2**	**-60.5**
Net financial income and expenses	13.5	2.7	29.4	3.1
Profit/(loss) before income tax	-24.1	-20.0	-89.8	-57.4
Income tax expense	-	-0.5	0.9	-1.0
Profit/(loss)	**-24.1**	**-19.5**	**-90.7**	**-56.4**

The financials in the fourth quarter 2022 are impacted by R&D expenses (mainly categorized as Cost of Goods Sold), further build- up of the organization to deliver on purchase orders and COVID-19 measures in China

HydrogenPro generated revenues of NOK 25.3 million during fourth quarter 2022 compared to NOK 11.1 million in fourth quarter 2021. The increase in revenues during is mainly from the delivery on purchase order announced on 19 April 2022 for the Takasago Hydrogen Park in Japan and the ACES project. A further revenue breakdown is available in note 3.

The order backlog amounts to NOK 747 million as of 31 December 2022 vs. NOK 849 million as of 30 September 2022. The decrease of NOK 102 million in the fourth quarter 2022 is due to currency fluctuations of NOK 76 million and recognized revenues of NOK 26 million.

Adjusted EBITDA (excl. option-based compensation cost of NOK -1.2 million and other personnel expenses of NOK -0.2, which has a non-cash effect) of NOK -33.6 million during fourth quarter 2022 vs. NOK -15.1 million during fourth quarter 2021. Reported EBITDA during the quarter was -32.2 million vs. NOK -20.8 million in fourth quarter 2021 with an operating loss of NOK 37.6 million vs. operating loss of NOK 22.8 million in the fourth quarter 2021.

Operating expenses: NOK 21.5 million in cost of goods sold used vs NOK 4.3 million in fourth quarter 2021, NOK 17.4 million in total (incl. non-cash impact) reported personnel expenses vs NOK 13.7 million

Financials

Income statement

in fourth quarter 2021 and NOK 18.8 million in other operating expenses vs NOK 13.9 million in fourth quarter 2021, and NOK 5.4 million in depreciation & amortization expenses vs NOK 1.9 million in fourth quarter 2021.

Net profit (after tax) for the quarter ended at NOK -24.1 million vs. a net profit of NOK -19.5 million in fourth quarter 2021.

Net financial items

NOK million	Q4 2022	Q4 2021	YTD 2022	FY 2021
Interest income	1,5	2.1	3.4	2.1
Net foreign exchange gain/ -expenses	-9.8	0,6	4.4	2.3
Other finance income/ -expenses	21.9		21.6	-1.3
Net financial items	**13.6**	**2.7**	**15.9**	**3.1**

Net financial items in the third quarter amounted to NOK 13.6 million vs NOK 2.7 million in fourth quarter 2021. The change is mainly due to an increase in unrealized foreign exchange gain, and a increase in the fair value calculated for the Company's conversion note to DG Fuels LLC.

Financials

Balance sheet

NOK million	31.12.2022	30.09.2022	31.12.2021
Assets			
Intangible assets	64.4	66.0	49.0
Plant, machinery and equipment	55.5	48.2	22.6
Financial fixed assets	81.4	40.1	53.3
Total fixed assets	**201.1**	**154.4**	**124.9**
Current operating assets	127.7	83.7	20.9
Cash and cash equivalents	257.0	342.8	382.3
Total current assets	**384.7**	**426.5**	**403.2**
Total Assets	**586.1**	**580.9**	**528.1**
Equity and liabilities			
Total equity	**436.7**	**461.6**	**511.3**
Total long-terms liabilities	19.6	1.4	1.4
Total short-term liabilities	129.8	117.9	15.5
Total liabilities	**149.4**	**119.3**	**16.8**
Total equity and liabilities	**586.1**	**580.9**	**528.1**

Total assets as of 31 December 2022 amounted to NOK 586.1 million. Total current assets amounted to NOK 384.7 million, whereof NOK 257.0 million in cash and deposits and NOK 127.7 million in other current assets. Total fixed assets amounted to NOK 201.1 million, whereof NOK 64.4 million in intangible assets, NOK 55.5 million in plant, machinery, and equipment and NOK 81.4 million in financial fixed assets. The increase of financial fixed assets is mainly due to fair value calculated for the Companies conversion rights in the convertible issued by DG Fuels LLC and incorporation of right-of-use assets in subsidiary.

The increase in short-term liabilities amounts to NOK 114.3 million from year-end 2021 to the end of fourth quarter 2022. The increase is primarily due to a prepayment from Mitsubishi, that is to be recognized as revenue depending on performance obligations in 2022 and 2023. In addition, the change is due to an increase in trade creditors and other short-term liabilities in subsidiary.

Total equity amounted to NOK 436.7 million and total liabilities of NOK 149.4 million, whereof 129.8 million in short-terms liabilities and NOK 19.6 million in long-term liabilities. The book equity ratio as of 31 December 2022 was 74.5% compared to 96.8% at 31 December 2021.

Financials

Cash flow

NOK million	Q4 2022	Q4 2021	YTD 2022	FY 2021
Cash balance start of period	**342.8**	**443.4**	**382.3**	**506.1**
Net cash flow from operating activities	-78.2	-12.2	-73.8	-47.6
Net cash flow from investing activities	-9,2	-50.4	-51.9	-78.1
Net cash flow from financing activities	1.5	1.5	0.4	1.8
Total changes in cash	**-85.8**	**-61.1**	**-125.3**	**-123.9**
Cash balance end of period	**257.0**	**382.3**	**257.0**	**382.3**

Net decrease in cash position during the fourth quarter was NOK 85.8 million compared to a decrease of NOK 61.1 million in the fourth quarter 2021.

Net cash flow from operating activities was NOK -78.2 million compared to NOK -12.2 million in fourth quarter 2021.

During the fourth quarter net cash flow from investing activities was NOK -9.2 million vs NOK -50.4 million in fourth quarter 2021.

Net cash flow from financing activities was NOK 1.5 million, the same amount as in fourth quarter 2021.

Financial statements

Consolidated statement of comprehensive income

NOK ‘000	Note	Q4 2022	Q4 2021	YTD 2022	FY 2021
Operating income and operating expenses					
Revenue from contracts with customers	3	25 281	11 066	56 414	20 036
Total revenue		**25 281**	**11 066**	**56 414**	**20 036**
Cost of goods sold		21 514	4 304	44 372	11 632
Personnel expenses		17 365	13 698	62 768	32 878
Depreciation and amortization expenses	4,5	5 429	1 936	13 975	5 215
Other operating expenses		18 586	13 895	54 499	30 772
Operating profit/(loss)		**-37 613**	**-22 767**	**-119 200**	**-60 461**
Fair value adjustment for financial instruments	6	22 485		22 485	
Financial income		-506	3 499	17 874	4 374
Financial expenses		8 479	765	10 971	1 321
Net financial income and expenses		13 499	2 734	29 387	3 053
Profit/(loss) before income tax		-24 113	-20 033	-89 812	-57 407
Income tax expense		26	-505	931	-975
Profit/(loss) for the year		-24 087	-19 528	-90 743	-56 432
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange difference on translation of foreign operations		-551	336	-631	336
Net Other comprehensive income		-551	336	-631	336
Total comprehensive profit/(loss) for the year		-24 638	-19 192	-91 375	-56 096
Total comprehensive profit (loss) for the year attributable to:					
Equity holders of the parent company		-22 962	-13 063	-87 512	-56 096
Non-controlling interest		- 1 676		-3 863	
Earnings per share (in NOK)					
Basic and diluted earnings per ordinary share 1)		-0,40	-0,34	-1,51	-0,98

1) Based on average 58.03 million shares outstanding for the purpose of earnings per share in 2022, and average 57,60 million shares outstanding in 2021.

Consolidated balance sheet

NOK '000	Note	31.12.2022	31.12.2021
Assets			
Intangible assets	4	64 415	48 970
Property, plant, and equipment	5	55 537	22 637
Right of use assets	5	24 547	2 975
Non-current tax asset			975
Investments in associated companies		227	101
Loan to associated companies		312	634
Financial asset		52 056	26 458
Other receivables		4 280	22 139
Total non-current assets		**201 375**	**124 890**
Current assets			
Inventories	7	41 762	308
Trade receivables		38 413	13 042
Other receivables		47 514	7 594
Cash and bank deposits		257 022	382 255
Total current assets		**384 712**	**403 199**
Total assets		**586 087**	**528 089**
Equity			
Share capital		1 161	58
Share premium account		575 039	576 141
Other equity contributed		34 162	26 800
Other equity		-178 911	-92 081
Translation reserves		-805	336
Total other equity		**430 646**	**511 255**
Non-controlling interest	8	6 031	
Total equity		**436 677**	**511 255**
Interest-bearing debt			
Deferred tax		1 011	
Non-current lease liabilities		18 619	1 365
Total non-current liabilities		**19 630**	**1 365**
Current lease liabilities		4 826	1 610
Trade creditors		20 578	3 290
Public duties payable		8 559	5 071
Other short-term liabilities		95 816	5 497
Total current liabilities		**127 478**	**15 468**
Total liabilities		**149 409**	**16 833**
Total equity and liabilities		**586 087**	**528 089**

Cash flow statements

NOK '000	Note	Q4 2022	Q4 2021	YTD 2022	FY 2021
Cash flows from operating activities					
Net Income / (Loss) before tax		-24 113	-20 033	-89 812	-57 407
Depreciation and amortization expense		-5 429	1 936	13 975	5 215
Option cost no cash effect		-1 239	3 425	8 592	18 533
Fair value adjustment for financial instruments	6	-22 485		-22 485	
Change in accounts receivable		-16 620	-3 800	-25 371	-9 859
Change in inventory		-34 457		-41 455	
Change in accounts payable		15 180	1 141	17 222	-3 894
Write-down shares					7
Effect of foreign currency translation		3 425	243	-338	337
Change in other accruals		-3 389	4 906	65 733	-548
Net cash flows from operating activities		**-78 269**	**-12 183**	**-73 938**	**-47 617**
Cash flows from investing activities					
Change in tangible assets	5	- 1281	-6 126	-14 701	-20 793
Change in intangible assets	4		-2 331		-8 079
Acquisition of subsidiary, net of cash acquired	8	-9 540		-32 454	-17 934
Change in other investing activities		1 632	-41 973	-4 716	-31 244
Net cash flows from investing activities		**-9 190**	**-50 430**	**- 51 871**	**-78 050**
Cash flows from financing activities					
Payment of lease liabilities		472	-39	-641	
Proceeds from Equity Issue		1 172	1 553	1 172	1 812
Net cash flows from financing activities		**1 644**	**1 515**	**531**	**1 812**
Cash balance start of period		342 838	443 353	382 301	506 111
Net change in cash		-85 815	-61 098	-125 279	-123 855
Cash balance end of period		**257 022**	**382 255**	**257 022**	**382 255**

Statement of changes in equity

NOK '000	Share capital	Share premium reserve	Other paid-in capital	Other component of equiy	Uncovered loss	Total other equity	Not controlling interest	Total equity
Equity as at 01.01 2021:	**57**	**542 170**	**9 098**		**-35 648**	**515 677**		**516 677**
Net loss					- 54 433	-56 433		- 56 433
Cost of share-based payment			17 702			17 702		17 702
Currency translation differences				336		336		336
Issue of share capital	1	33 971				33 971		33 971
Equity as at 31.12.2021	**58**	**576 141**	**26 800**	**336**	**-92 080**	**511 255**		**511 255**
Equity as at 01.01 2022	**58**	**576 141**	**26 800**	**336**	**-92 080**	**511 255**		**511 255**
Net loss					-86 881	-86 881	-3 863	-90 743
Currency translation differences				-631		-631		-631
Share issue	1 102	-1 102						
Cost of share-based payment			7 362			8 607		7 362
Non controlling interest by acquisition				-510	51	-458	9 894	9 436
Equity as at 31.12.2022	**1 160**	**575 039**	**34 162**	**-804**	**-178 910**	**430 647**	**6 031**	**436 679**

Notes to the financial statements

Note 1 – Organisation and basis for preparation

Corporate information

HydrogenPro ASA(“the Company”) is a public limited company, incorporated in Norway, headquartered in Porsgrunn and listed on Oslo Stock Exchange. Address headquarters: Hydrovegen 6, 3933 Porsgrunn, Norway.

The Company was established in 2013 by individuals with background from the electrolysis industry which was established in Telemark, Norway by Norsk Hydro in 1927. HydrogenPro comprises an experienced engineering team of leading industry experts, drawing upon unparalleled experience and expertise within the hydrogen and renewable sectors. By combining in-depth knowledge with innovative design, the company continuously aspire to pioneer game-changing ideas and solutions to realize and maximize new opportunities in a smarter, sustainable, hydrogen powered future. HydrogenPro designs and supplies customized hydrogen plants in cooperation with global partners and suppliers, all ISO 9001, ISO 45001 and ISO 14001 certified. The core product is the alkaline high-pressure electrolyser.

HydrogenPro is listed on Oslo Stock Exchange under the ticker “HYPRO“

Basis for preparation

The quarterly statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34). The 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 2021. 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, 2021, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

The consolidated financial statements have been prepared on a historical cost basis except when otherwise is stated.

Further, the consolidated financial statements are prepared based on the going concern assumption.

The consolidated financial statements are presented in Norwegian kroner (“NOK”). For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. HydrogenPro has Norwegian krone (“NOK”) as its functional currency, and Advanced Surface Plating ApS and HydrogenPro Tianjin respectively have DKK and CNY as their functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying yearly average exchange rates. The resulting translation differences are recognized in other comprehensive income.

Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgments that may have the most significant effect on the amounts recognized in the financial statements, are summarized below:

- Revenue recognition from contracts with customers
- Estimating fair value for share-based payments transactions
- Impairment of goodwill and intangible assets
- Fair value valuation financial assets

Refer to the annual report of 2021 for more details related to key judgement and estimations.

Note 2 – Subsequent events

No events have occurred after the balance sheet date with significant impact on the interim financial statement for the fourth quarter or the year 2022.

Note 3 – Revenue from contracts with customers and segments

Geographical region

NOK '000	Q4 2022	Q4 2021	YTD 2022	FY 2021
Geographical region				
Norway	2 596		4 885	0
Europe	-225	-5	-13	906
America	14 354	7 886	41 370	16 204
Asia Pacific	8 556	2 926	10 172	2 926
Total revenue	**25 281**	**11 066**	**56 414**	**20 036**

The information above is based on the location of the customers.

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

Each contract is assessed with respect to whether the revenue can be classified as customised and in turn recognised using percentage of completion method. There are several criteria that must be evaluated.

1) Alternative use: If the product made for a specific customer require significant cost to modify to be able to transfer it to another customer, the contract would likely meet the criteria of alternate use.
2) Enforceable right to payment: If the contract gives the Group right to payment that recover costs incurred and a reasonable margin upon termination, the contract would likely meet the criteria of enforceable right to payment.

To determine the revenue from contracts recognised as customised HydrogenPro use the percentage of completion method. The degree of completion is calculated as expenses incurred as a percentage of estimated total expenses. Total expenses are reviewed on a regular basis. If the projects are expected to result in losses the total estimated loss is recognised immediately.

The Group's revenue from contracts with customers are recognized 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 contracts recognised in the 3rd quarter are assessed to be customised and recognised over-time.

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.

NOK '000	Q4 2022	Q4 2021	YTD 2022	FY 2021
Revenue recognized over time	25 943	10 875	56 051	20 019
Revenue recognized at point of time	-662	191	363	17
Total revenue	**25 281**	**11 066**	**31 133**	**20 036**

NOK '000	Q4 2022	Q4 2021	YTD 2022	FY 2021
Revenue from sale of electrolyser system	22 886	10 706	51 521	19 676
Revenue from sale of FEED and case-studies	2 395	360	4 893	360
Total revenue	**25 281**	**11 066**	**56 414**	**20 036**

Note 4 – Intangible assets

NOK '000	Technology	Patent and licenses	Goodwill	2022 Total
Purchase cost 01.01.2022	**41 366**	**11 742**		**53 107**
Acquisition of subsidiary			21 935	21 935
Impairment				
Disposals				
Purchase cost 31.12.2022	**41 366**	**11 742**	**21 935**	**75 043**
Accumulated depreciation 01.01.2021	4 143	-		4 143
Depreciation year to date 2022	4 136	2 348		6 484
Net book value 31.12.2022	**33 087**	**9 393**	**21 935**	**64 415**
Economic life	5 years	5 years		
Depreciation method	linear	linear		

Intangible assets that have been acquired separately are carried at cost. The costs of intangible assets acquired through an acquisition are recognized at their fair value in the Group's opening balance sheet. Capitalized intangible assets are recognized at cost less any amortisation and impairment losses.

Intangible assets with a definite economic life are amortised over their economic life and tested for impairment if there are any indications. The amortisation method and period are assessed at least once a year.

On 9th of June 2022 HydrogenPro completed the acquisition of 75 per cent of the shares of HydrogenPro Tianjin CO Ltd. 75 per cent of goodwill arising on acquisition are recognized under intangible asset. Refer to note 9 for more detailed information.

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

NOK '000	Plant and machinery	Movables	Machinery and plant in progress	Right-of-use assets	2022 Total
Purchase cost 01.01.2022	**17 179**	**2 774**	**4 021**	**3 129**	**27 104**
Additions	11 852	1 829	876	25 200	39 757
From Machinery and plant in progress	4 301		-4 301		
Acquisition of subsidiary	22 384				22 384
Disposals					
Exchange differences	-212	83			-129
Purchase cost 31.12.2022	**55 503**	**4 686**	**597**	**28 329**	**89 115**
Accumulated depreciation 01.01.2021	1 171	167		154	1 491
Depreciation year to date 2022	3 393	456		3 642	7 491
Exchange differences	55	8		-14	48
Net book value 31.12.2022	**50 885**	**4 055**	**597**	**24 547**	**55 537**
Economic life	5-10 years	5-10 years			
Depreciation method	linear	linear			

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

Tangible assets are. valued at their cost less accumulated depreciation and impairment losses. The depreciation period and method are assessed each year

Assets under construction are classified as non-current assets and recognized at cost until the production or development process is completed. Assets under construction are not depreciated until the asset is taken into use.

Assets under construction are classified as non-current assets and recognized at cost until the production or development process is completed. Assets under construction are not depreciated until the asset is taken into use.

At inception of a contract, the Group assesses wether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exhange for consideration. To assess wether a contract conveys the right to controll the use of an identified asset, the Group used the definision of a lease in IFRS 16.

As a result of these assessments the Group considered leasing for vehciles an the rental contract for office space at Herøya as a leasing according to IFRS 16 as of .01.01.2022. In the fourth quarter the rental contracts for offices and productionfacilities in Denmark and China are included.

Note 6 – Fair value financial assets

The table below analyses financial assets recognized in the balance sheet at fair value according to the valuation method. The different levels have been defined as follows:

Level 1: Noted prices in active markeds for corresponding assets or liabilities.
Level 2: Available value measurements other than the noted prices classified as Level 1, ether directly obervablein the form of agreed prices or indirectly as derived form the price of equivalent.
Level 3: Value measurements of assets or liabilites that are not based on observed market values.

NOK '000	Level 1	Level 2	Level 3	Total
Marked value hierarchy				
Conversion note 01.01.2022			26 458	26 458
Effect of foreign currency translation			3 113	3 113
Effect of fair value valuation			22 485	22 485
Conversion note 31.12.2022			**52 056**	**52 056**

The convertibel aggrement is entered into between HydrogenPro, Energy Vault Inc, Black & Veatch Corporation and DG Fuels, where DG Fuels is the issuer. The initial closing date is 29th of October 2021, and HydrogenPro's contribution was 25 087' NOK. (3 milion USD). The fair value valuation of the conversion note is done by the Company in connection with external advisor.

Note 7 – Inventory

Inventories comprises purshaced raw material and work in progress. Raw material include parts that become an integrated part of finished goods. Obsolenscence is considered for inventories and as of 31.12.022. Inventory are measured under the weighted-average cost formula.

NOK '000	31.12.2022	30.09.2022	31.12.2021
Inventory			
Work in progress	2 861	2 448	
Raw material	38 902	4 856	308
Carrying amount	**41 762**	**7 305**	**308**

Note 8 – Business combinations

Acquisition of HydrogenPro Tianjin in June 2022

On the 9th of June 2022 HydrogenPro acquired 75% of the shares of HydrogenPro Tianjin CO Ltd (“Tianjin”). Tianjin is reported as a part of the HydrogenPro Group from June 2022.

Tianjin is a provider for electrolyser systems, headquartered in Tianjin, China with approximately 35 employees at the time of acquisition. Tianjin specializes in manufacturing and assembly of hydrogen systems, including steel system structures and high-pressure piping, and has its production facilities also in Tianjin, China. Tianjin will bring significant system assembly capacity and know-how and complement the capabilities of HydrogenPro, improving control of the value chain and accelerating time to market.

Tianjin’s revenues for the year 2021 would have been eliminated in the consolidated financial statement of HydrogenPro as all production was delivered to HydrogenPro. 2021 profit and assets as of 01.01.22 in Tianjin amounted to no more than 2% of HydrogenPro’s consolidated values.

The fair value of the identifiable assets and liabilities of HydrogenPro Tianjin as the date of the acquisition were:

Fair value recognized on acquisition	(NOK 1,000)	27.06.2022?
Assets		
Non-current assets		
Property plant & equipment		22 384
Total non-current assets		22 384
Current assets		
Cash and cash equivalents		11 890
Other current assets		18 073
Total current assets		29 964
Total assets		52 348
Non-current liabilities		
Deffered tax liability		- 1 055
Other long term liabilities		- 721
Total non-current liabilities		-1 776
Current liabilities		
Other short term liabilities		- 12 634
Total current liabilities		-12 634
Total liabilities		**-14 410**
Total identifiable net assets at fair value		**-37 938**
Purchase consideration transferred		67 185
Goodwill arising on acquisition		**29 247**

Purchase consideration transferred	
Cash paid	50 389
Total consideration (payments from HP)	**50 389**
Adj. for HP 75% stake	75 %
Equity value (100% of subsidiary)	**67 185**

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 IFRS.

HydrogenPro's financial APMs:

- **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 recognized in business combinations for continuing operations.
- **Order Intake** is defined as a firm purchase order with agreed price, volume, timing, term and conditions entered within av 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 a firm purchase orders with agreed price, volume, timing, terms and condition and where revenue is yet to recognized. The backlog includes both contracts and change order. For service contracts and contracts with uncertain transaction price, the backlog is based on estimated revenue. The measure does not include potential change order.

Porsgrunn/Oslo, 13th of February 2023

The Board of Directors

(Electronically signed) **Ellen M. Hanetho** *Chair of the Board*	(Electronically signed) **Vivian Espeseth** *Board member*	(Electronically signed) **Jarle Tautra** *Board member*
(Electronically signed) **Jarle Dragvik** *Board member*	(Electronically signed) **Tarjei Johansen** *CEO*	(Electronically signed) **Donna Rennemo** *Board member*

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