Third quarter 2024

HydrogenPro

Contents

About HydrogenPro

HydrogenPro, established in 2013, specializes in pioneering green hydrogen technology solutions in partnership with global collaborators and suppliers.

HydrogenPro is an original equipment manufacturer with a high focus on R&D. Headquartered at Herøya, Norway, our proudest achievement lies in developing cutting-edge high-pressure alkaline electrolyzers, including proprietary electrode technology that enhances our global competitiveness. Designed for scalability with renewable energy inputs, our electrolyzers offer cost-effective solutions crucial for enhancing sectors like wind, solar, and other renewables in the energy transition. Green hydrogen, as a versatile energy carrier, plays a pivotal role in advancing the green energy shift. At HydrogenPro, we are dedicated to leading the green hydrogen industry forward with our innovative technology and expertise, driving towards a sustainable future.

Our team comprises highly skilled professionals, including key experts in global hydrogen technology. Currently, we operate R&D, sales, and manufacturing facilities across Denmark, Germany, the US, and China, with plans for further global expansion.

We take great pride in our ESG strategy about creating a sustainable society with hydrogen. Our technology supplies high-performance and zero emission energy, to help you reach your production and sustainability goals all at the same time.

By powering innovation, we are energizing tomorrow. We are changing the world. For good.

Technology Leader

Global footprint

Scalability

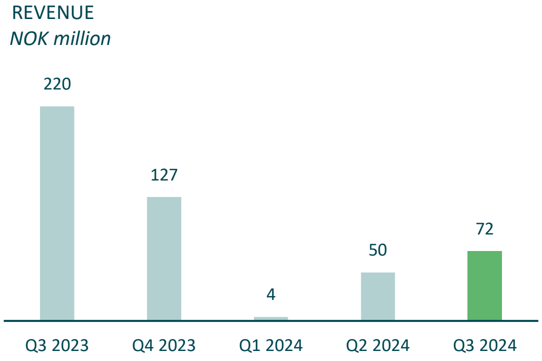
Life Cycle Partner

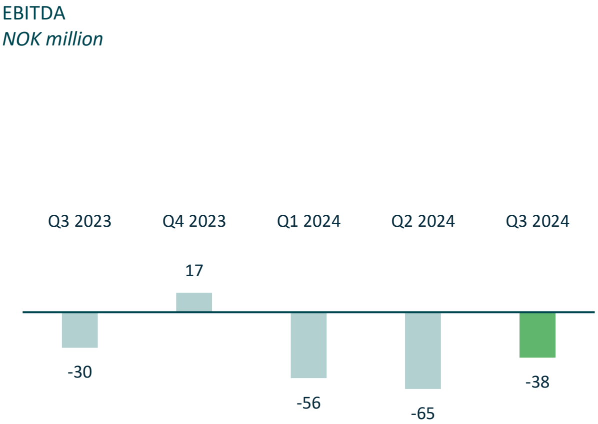
Highlights

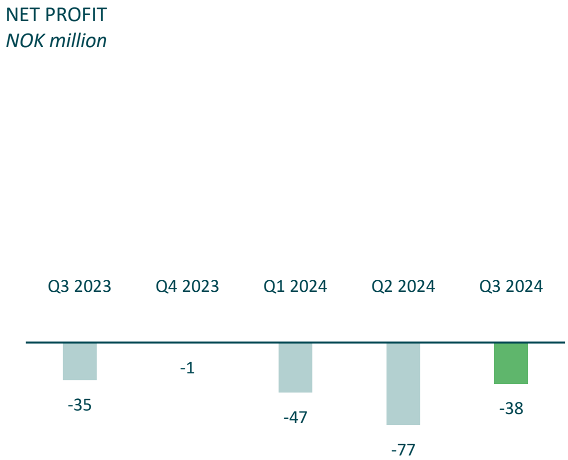
Q3 2024 Highlights

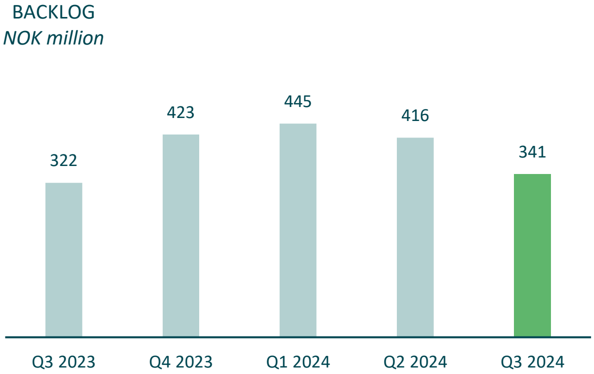
- **Revenues for the quarter of NOK 72 million** (compared to NOK 50 million in Q2 2024, NOK 220 million in Q3 2023)
- **EBITDA of NOK -38 million** (compared to NOK -65 million in Q2 2024 and NOK -30 million in Q3 2023)
- **Cash balance of NOK 188 million** (compared to NOK 247 million end of Q2 2024 and NOK 133 million end of Q3 2023)
- **Planned expansion of next generation electrode technology increased to 350 MW manufacturing capacity**

Financials









Q3 2024 Summary

Developments during the quarter

Market development

During this period, we have observed several new large-scale projects being announced, entering the engineering phase, and emerging in the market. These projects are supported by new subsidy programs and fresh rounds of EU and national funding and will now proceed through qualification and FEED phases, followed by more advanced selection processes, ultimately aiming for an FID in the coming years.

Over the past quarter, we have also seen some cancellations of previously announced projects ranging from 50 to 200 MW across Europe and the United States, which had no material impact on HydrogenPro's sales pipeline. The primary reasons cited for these withdrawals include a lack of government funding, rising capital and setup costs due to general inflation, and increased expenses on equipment and construction, all of which make these projects financially unviable. Additionally, infrastructure for gas and ammonia distribution is limiting off-takers from entering into agreements that require substantial volumes and favorable commercial terms. This hesitation is further driven by the availability of more affordable fossil energy alternatives and expectations of a less aggressive carbon taxation policy in the short-term perspective.

The newly announced regulations by the European Hydrogen Bank and Hydrogen Europe, which restrict imports of Chinese electrolyzers, has created uncertainties among project developers on how to interpret unclear requirements of European content, will drive up costs for European projects and thereby further impede the development of new projects in Europe.

For HydrogenPro's portfolio of projects, whether undertaken independently or in partnership, we have observed relatively few cancellations or any significant delays, although the pace is somewhat slower than initially planned. Among targeted sectors, the Power-to-X (PtX), ammonia, and hydrogen-as-fuel segments are showing more activity than refinery or large sustainable aviation fuel (SAF) projects. This trend may be due to the substantial hydrogen volumes these industries require, combined with anticipated lower carbon taxation and the allowance of low-carbon hydrogen (such as blue hydrogen) in several major projects.

We continue to see increasingly mature and professional players entering the market across the US, Europe, the Middle East, and India. This trend has also encouraged HydrogenPro to intensify its activity in these regions by seeking strong, strategic partners to facilitate market entry.

In North America, long-term projections for green and low-carbon hydrogen production remain high. We are working towards a more consolidated market strategy through a partnership to strengthen our market presence and credibility among project developers and operators. However, uncertainty around final rules for incentive programs is still delaying project decisions and overall market development.

In Europe, we observe a steady pipeline for our EPC (Engineering, Procurement, and Construction) approach, largely driven by our collaboration with Andritz and focused on major European industrial clients. While we await final investment decisions (FIDs) on announced projects, global OEM suppliers continue to face overcapacity. Therefore, maintaining disciplined and flexible ramp-up capabilities, rather than preemptively scaling operations, will be critical. Additionally, structuring our operations to withstand extended periods of low order volume is essential so we can be prepared when projects are eventually realized. Meanwhile, our focus will be on rigorous testing and demonstration of technologies and consistent execution of ongoing deliveries.

Manufacturing capacity of next generation technology increased from 90-100 MW to 350 MW annually

HydrogenPro ASA had announced on 24 June 2024 the decision to invest in a new production line for its third-generation electrodes with a capacity of 90-100 MW per annum with production planned to start Q1 2025. After optimization work, it was announced 20 August 2024 that the production line will reach a capacity of about 350 MW without any additional investment needed (original investment, 70 MNOK). This has been accomplished by optimizing rinsing and drying capacity as well as improving the operational control systems. There is ongoing work for even further capacity expansions.

Significant events after the balance sheet date

HydrogenPro awarded EUR 16.5 million grant for large scale production of next-generation electrode technology

On 3 October 2024, HydrogenPro announced that its Danish subsidiary, HydrogenPro ApS, has been awarded a EUR16.5 million grant from the EU Innovation Fund. This funding will support large-scale production of next-generation electrode technology, enhancing the efficiency of HydrogenPro's high-pressure alkaline electrolyzers and further reducing the Levelized Cost of Hydrogen.

This EU grant is pivotal in financing the H2-GIGA project and follows a previous award of DKK 35 million from Denmark's Export and Investment Fund in May 2024. Together, these grants cover more than 50% of the project's total investment scope.

Currently, a full-scale production line is being installed at the R&D center in Denmark, expected to reach operational status by Q1 2025 with a 350 MW annual capacity. The H2-GIGA large-scale factory will build on this experience, with an additional 500 MW capacity, and has the potential for significant expansion to meet growing customer demand.

Outlook

Although some projects are being 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 show an 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 in the next few years to meet the expected demand for green hydrogen.

Within HydrogenPro's pipeline, projects are maturing and developing towards FID. However, some projects may still experience delays in reaching fruition, primarily due to some funding uncertainties and the challenge of establishing viable offtake agreements. Additionally, a few projects may be realized at reduced scope or capacity compared to original plans.

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

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.

Regarding the new EU regulations on electrolyzer origin, we are actively pursuing mitigation strategies to ensure full qualification for future projects in collaboration with our European partner

Lessons learnt from project deliveries in the US have demonstrated room for optimization with regards to logistics and transportation of assembled electrolyzers and gas separator skids. This, in addition to the life cycle partner strategy of HydrogenPro indicate need for assembly stations in close proximity to customer sites. Additionally, more clarity is required on US legislative frameworks and funding schemes, including decisions regarding local US content requirements.

Continuous technology development is the core of HydrogenPro's strategic priorities. HydrogenPro and Andritz will run a joint full-scale validation program in the fourth quarter 2024, at Herøya in Norway. The purpose of the program is to validate stack performance and operating conditions for the Salzgitter project including new design improvements.

In our 2023 Annual Integrated Report, several key risks that could impact the Company's business operations and financial performance were identified. As of this quarter, we confirm that these risks remain relevant and continue to be actively monitored and managed. Below is a summary of the primary risks faced by our Company:

Strategy and Business Risk: The hydrogen production market is still developing, with risks from market volatility, client expectations, and regulatory changes. On 27 September 2024, the European Hydrogen Bank introduced new terms where prospective projects will not be allowed to source more than 25% of electrolyzer stacks–covering surface treatment, cell unit production, and stack assembly–from China. HydrogenPro is in close dialogue with European Hydrogen Bank to understand all aspects of the regulations to optimize supply chain set-up to deliver the most competitive offering.

Operational Risk: The Company is exposed to potential disruptions in its supply chain, especially given its reliance on suppliers in China.

People Risk: As the Company grows, pressure on staff and leadership increases, with risks of key person and staff turnover. The company is actively working to improve the work environment and has seen significant improvements in reducing unwanted turnover.

Health, Environmental, and Safety Risk: The Company manages health, safety, and environmental risks at its various facilities, including those in China, Denmark, and Norway, which has led to significant improvements in work related incidents and reduced risks.

ESG Risks: The Company faces challenges in meeting environmental, social, and governance (ESG) expectations, which could lead to higher costs or reputational damage.

Financing risk: the Company faces financial risks from fluctuations in commodity prices like steel and nickel, and counterparty risks. Ensuring sufficient liquidity, both short and long term, is essential to continue operations, pursuing contracts and strategic goals. Until the Company generates positive cash flow from business operations, the Company is dependent on external financing, and in the event no capital is available, the Company will meet financial difficulties to continue operations.

All of these risks are continuously monitored and mitigated through a wide range of measures, including, but not limited to actively assessing and pursuing financing alternatives, establishment and implementation of systems and procedures in all parts of the organization, approval matrices, quality control, HSE, diligent planning, information sharing, insurances, contractual terms, credit assessment etc.

Financials

Income statement

Q3 2024	Q2 2024	Q3 2023[1]	NOK million	YTD 2024	YTD 2023[1]	FY 2023[1]
72	50	220	Revenue from contracts with customers	126	441	568
53	58	168	Direct materials[2]	106	292	331
19	-8	52	Gross profit/(loss)	20	149	237
26 %	*-17 %*	*24 %*	*Gross margin*	*16 %*	*34 %*	*42 %*
40	32	39	Personnel expenses	102	93	120
18	25	44	Other operating expenses	78	109	154
-38	-65	-30	EBITDA	-160	-53	-36
6	6	6	Depreciation and amortization expenses	18	16	22
-44	-71	-36	EBIT	-178	-69	-58
6	-6	1	Net financial income and expenses	16	6	-5
-38	-77	-34	Profit/(loss) before income tax	-162	-62	-63
-	-	-	Income tax expense	-	-	-
-38	-77	-34	Profit/(loss)	-162	-62	-63

[1]See Note 9 Restatement of comparable information

HydrogenPro generated revenues of NOK 72 million during the third quarter 2024 compared to NOK 50 million in second quarter of 2024 and compared to NOK 220 million in the third quarter of the previous year. The revenue in the third quarter is NOK 22 million higher than the second quarter of 2024, however compared to same period in 2023, the third quarter revenue is NOK 149 million lower (-68%). The main reason for increase compared to the previous quarter in revenues is related to the delivery of components to the Salzgitter project. A detailed revenue breakdown is included in note 2.

Direct material (includes raw materials and components for project delivery) for the quarter amounted to NOK 53 million compared to NOK 58 million in second quarter 2024 and NOK 168 million in third quarter 2023.

Personnel expenses as presented above includes all payroll and related expenses including those of staff who work directly within project delivery. This amounted to NOK 40 million for the quarter compared to NOK 32 million in the second quarter of 2024, the increase is mainly related to higher project delivery activity on the Salzgitter order. The comparable payroll amount was NOK 39 million for the same period in 2023.

Other operating expenses amounted to NOK 18 million during the third quarter compared to NOK 25 million during the second quarter (the amount is NOK 44 million for the same period in 2023). The decrease from NOK 25 million in the second quarter to NOK 18 million in the third quarter includes a reversal of provision of NOK 6 million.

[2]See Note 10 Change of Presentation of Income Statement

EBITDA was NOK -38 million in the third quarter of 2024 (NOK -65 million in second quarter 2024 and NOK -30 million in the same period in 2023.

Depreciation & amortization expenses were NOK 6 million in third, the same level as in second quarter 2024. This is the same level as the same period in 2023.

EBIT in the third quarter 2024 amounted to NOK -44 million compared to NOK -71 million in the second quarter 2024. The amount is NOK -36 million for the same period in 2023.

Net profit/(loss) for the third quarter amounted to NOK -38 million compared to a loss of NOK -77 million in second quarter 2024 (and NOK -34 million in third quarter 2023).

The order backlog amounted to NOK 341 million as of 30 September 2024, compared to NOK 416 million as of 30 June 2024 (NOK 322 million as of 30 September 2023).

Net financial items

Q3 2024	Q2 2024	Q3 2023[1]	NOK million	YTD 2024	YTD 2023[1]	FY 2023[1]
2	2	0	Interest gain/expense	4	2	4
4	-7	1	Net foreign exchange gain/expense	14	5	-8
-0	-1	0	Other finance income/expense	-1	-1	-1
6	-6	1	Net financial items	16	6	-5

[1]See Note 9 Restatement of comparable information

Net financial items in the third quarter 2024 amounted to NOK 6 million and NOK -6 million in the second quarter 2024. The amount for the same period in 2023 is NOK 1 million.

Balance sheet

NOK million	30 Sep 2024	30 Jun 2024	30 Sep 2023[1]	31 Dec 2023[1]
Assets				
Intangible assets	57	57	60	58
Property, plant and equipment	76	62	63	68
Right of use assets and financial investments	55	57	54	56
Total non-current assets	188	176	177	182
Current operating assets	186	219	351	301
Cash and cash equivalents	188	247	133	161
Total current assets	374	466	484	462
Total Assets	562	643	661	644
Equity and liabilities				
Total equity	385	420	460	453
Total non-current liabilities	21	23	15	19
Total current liabilities	155	199	186	172
Total liabilities	177	222	201	191
Total equity and liabilities	562	643	661	644

[1]See Note 9 Restatement of comparable information

As of 30 September 2024, total assets were NOK 562 million, down from NOK 643 million in the previous quarter and NOK 661 million a year earlier.

Non-current assets rose slightly to NOK 188 million from NOK 176 million last quarter, including stable intangible assets at NOK 57 million, an increase in plant, machinery, and equipment to NOK 76 million, and financial assets at NOK 55 million.

Current assets fell to NOK 374 million from NOK 466 million last quarter, with cash and deposits decreasing by NOK 59 million to NOK 188 million.

Equity totaled NOK 385 million, down from NOK 420 million last quarter, with an equity ratio of 68.6%, up slightly from 65.4% last quarter.

Total liabilities decreased to NOK 177 million, with current liabilities also declining to NOK 155 million. Current liabilities include trade payables, other short-term obligations, and provisions for warranty related to project activity (see Note 7).

Cash flow

Q3 2024	Q2 2024	Q3 2023[1]	NOK million	YTD 2024	YTD 2023[1]	FY 2023[1]
247	185	183	Cash balance start of period	161	257	257
-42	-16	-48	Net cash flow from operating activities	-31	-224	-188
-15	-0	-1	Net cash flow from investing activities	-16	-12	-20
-2	79	-0	Net cash flow from financing activities	75	112	111
-59	62	-50	Total changes in cash	27	-124	-96
188	247	133	Cash balance end of period	188	133	161

[1]See Note 9 Restatement of comparable information

Net change in cash position during the third quarter 2024 was NOK -59 million (decrease in cash position) compared to NOK 62 million (increase in cash position) in the second quarter 2024.

At the end of Q3 2024 the cash balance was NOK 188 million, compared to NOK 247 million at the end of the second quarter of 2024 and NOK 133 million as of Q3 2023.

During the third quarter 2024, net cash flow from investing activities was NOK -15 million, compared to NOK 0 million in the second quarter 2024. These investments primarily support the expansion of manufacturing capacity in Aarhus. The corresponding amount for the same period in 2023 is NOK -1 million.

Net cash flow from financing activities in the quarter was NOK -2 million compared to NOK 79 million in the second quarter 2024 (primarily due to the equity investment by ANDRITZ) and the corresponding amount for the same period in 2023 is NOK 0 million.

Financial statements

Condensed interim financial statements

Consolidated statement of comprehensive income *(unaudited)*

Q3 2024	Q3 2023[1]	NOK '000	Notes	YTD 2024	YTD 2023[1]	FY 2023[1]
		Operating income and operating expenses				
71 635	220 461	Revenue from contracts with customers	2	125 635	440 924	568 233
71 635	220 461	Total revenue		125 635	440 924	568 233
52 699	167 982	Direct materials[2]		105 864	291 572	330 979
18 936	52 479	Gross Profit		19 770	149 352	237 254
39 688	38 741	Personnel expenses		102 116	93 359	119 725
17 683	43 929	Other operating expenses		77 839	108 569	153 539
-38 435	-30 191	EBITDA		-160 185	-52 576	-36 010
5 518	5 680	Depreciation and amortization expense	3,4	17 731	16 246	22 281
-43 953	-35 871	EBIT		-177 915	-68 822	-58 292
12 191	9 025	Financial income		17 291	20 957	33 502
-6 589	7 532	Financial expenses		-1 570	14 550	38 147
5 602	1 493	Net financial income and expenses		15 721	6 407	-4 645
-38 351	-34 379	Profit / (loss) before income tax		-162 195	-62 416	-62 937
-	-	Income tax expense		-		-
-38 351	-34 379	Profit / (loss) for the period		-162 195	-62 416	-62 936
		Other comprehensive income:				
		Items that may be reclassified to profit or loss:				
2 695	531	Exchange difference on translation of foreign operations		6 682	2 616	-730
2 695	531	Net Other comprehensive income		6 682	2 616	-730
-35 657	-33 847	Total comprehensive profit / (loss) for the period		-155 513	-59 801	-63 666
		Total comprehensive profit / (loss) for the period attributable to:				
-35 589	-31 950	Equity holders of the parent company		-152 589	-56 907	-65 243
-68	-1 898	Non-controlling interest		-2 924	-2 892	1 576
		Earnings per share (in NOK)				
-0,59	-0,56	Basic and diluted earnings per ordinary share[1)]		-2,59	-1,00	-1,06

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

[1]See Note 9 Restatement of comparable information

[2]See Note 10 Change of Presentation of Income Statement

Consolidated statement of financial position *(unaudited)*

NOK '000	Note	30 Sep 2024	30 Sep 2023[1]	31 Dec 2023[1]
Assets				
Intangible assets	3	57 084	59 552	57 932
Property, plant and equipment	4	75 822	63 361	68 157
Right of use assets	4	18 248	17 138	20 455
Financial assets	5	31 523	31 868	30 517
Other receivables		5 299	4 967	4 804
Total non-current assets		187 976	176 886	181 865
Current assets				
Inventories	6	31 066	20 328	14 554
Trade receivables		101 388	18 290	179 184
Contract assets	2	17 339	248 496	65 836
Other receivables		36 476	63 907	41 665
Cash and bank deposits		187 682	133 016	160 531
Total current assets		373 952	484 037	461 770
Total assets		561 928	660 923	643 634
Equity				
Share capital		1 402	1 266	1 266
Share premium account		775 875	691 796	691 796
Other equity contributed		41 952	41 137	38 558
Other equity		-443 490	-278 640	-284 221
Currency translation difference		6 056	2 028	-625
Equity attributable to HydrogenPro's shareholders		381 796	457 587	446 774
Non-controlling interest		3 512	2 071	6 438
Total equity		385 308	459 658	453 212
Non-current lease liabilities		13 258	10 624	11 428
Non-current provisions	7	8 112	4 596	6 785
Total non-current liabilities		21 370	15 220	18 213
Current liabilities				
Current lease liabilities		5 609	6 137	8 933
Trade creditors		37 966	84 183	39 170
Contract liabilities	2	10 411	1 760	49 641
Public duties payable		3 387	5 885	6 128
Other short term liabilities	7	97 876	88 080	68 338
Total current liabilities		155 249	186 045	172 209
Total liabilities		176 619	201 265	190 422
Total equity and liabilities		561 927	660 923	643 634

[1] *See Note 9 Restatement of comparable information*

The Board of Directors and Chief Executive Officer Hydrogen Pro ASA Oslo, 11 November 2024

Porsgrunn/Oslo, 11 November 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 changes in equity *(unaudited)*

NOK '000	Share capital	Share premium account	Other equity contrib.	Currency translat. Difference	Other equity	Equity attrib. to share-holders	Non-controlling interest	Total equity
Equity as at 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	0
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	-284 221	446 773	6 438	453 212
Equity as at 01.01.2024	1 266	691 796	38 558	-625	-284 221	446 773	6 438	453 212
Total comprehensive income				6 682	-159 271	-152 589	-2 924	-155 513
Issue of shares	136	1 508				1 645		1 645
Private placement		82 570				82 570		82 570
Cost of share-based payment			3 395			3 395		3 395
Equity as at 30.09.2024	1 402	775 875	41 953	6 057	-443 492	381 794	3 514	385 308

Consolidated statement of cash flows *(unaudited)*

Q3 2024	Q3 2023[1]	NOK '000	Notes	YTD 2024	YTD 2023[1]	FY 2023[1]
		Cash flows from operating activities				
-38 351	-34 379	Profit / (loss) before income tax		-162 195	-62 414	-62 936
5 518	5 680	Depreciation and amortization expense	3,4	17 731	16 246	22 281
-	2 131	Option cost no cash effect		-	6 974	3 312
27 481	-128 201	Change in trade receivable and contract assets		126 293	-228 373	-206 607
9 589	21 754	Change in inventory		-16 512	15 434	21 207
-46 510	12 941	Change in trade payable and contract liabilities		-40 434	-326	2 542
2 422	2 044	Effect of foreign currency translation		11 932	-1 610	813
-2 053	69 552	Change in other accruals		31 987	29 684	31 788
-41 903	-48 478	Net cash flows from operating activities		-31 198	-224 385	-187 599
		Cash flows from investing activities				
-15 492	-1 153	Purchases of tangible assets	4	-16 235	-12 082	-19 886
-15 492	-1 153	Net cash flows from investing activities		-16 235	-12 082	-19 886
		Cash flows from financing activities				
-2 090	-1 936	Payment of lease liabilities		-8 118	-4 402	-5 869
-	1 903	Proceeds from Equity Issue		82 702		121 903
-		Transaction cost on issue of shares		-	116 863	-5 040
-2 090	-33	Net cash flows from financing activities		74 584	112 461	110 994
247 168	182 680	Cash balance start of period		160 531	257 022	257 022
-59 486	-49 664	Net change in cash		27 151	-124 006	-96 492
187 682	133 016	Cash balance end of period		187 682	133 016	160 531

[1] *See Note 9 Restatement of comparable information*

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 55, 3936 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 aspires 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 third quarter statements and the 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

Q3 2024	Q3 2023	NOK '000	YTD 2024	YTD 2023	FY 2023
		Geographical region			
-	2 274	Norway	-	3 176	3 280
68 499	3 165	Europe	132 890	3 908	7 295
2 675	210 498	America	-9 573	414 088	538 499
461	4524	Asia Pacific	2 318	19 752	19 159
71 635	220 461	Total revenue	125 635	440 924	568 233

The Group recognizes revenue according to IFRS 15 and applies judgment that significantly affects 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 includes 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 the sale of electrolyze systems or as a separate service, as in FEED studies.

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.

Q3 2024	Q3 2023	NOK '000	YTD 2024	YTD 2023	FY 2023
1 459	219 719	Revenue recognized over time	-11 130	437 772	565 081
70 176	742	Revenue recognized at point - in - time	136 765	3 152	3 152
71 635	220 461	Total revenue	125 635	440 924	568 233

Q3 2024	Q3 2023	NOK '000	YTD 2024	YTD 2023	FY 2023
69 594	214 280	Revenue from sale of electrolyser system	116 562	433 209	557 040
1 499	6 181	Revenue from sale of Feed and case-studies	6 072	7 715	11 193
542	-	Revenue from scrapping of material as nikkel, steel etc.	3 001	-	-
71 635	220 461	Total revenue	125 635	440 924	568 233

Note 2 – Revenue from contracts with customers and segments*- continued*

NOK '000	30 Sept 2024	30 Sep 2023	31 Dec 2023
Contract assets			
Opening balance 1 January	65 836	19 828	19 828
Transfers from contract assets recognised at the beginning of the period to receivable	-43 466	-19 828	-19 828
Increase due to measure of progress in the period	-5 031	248 496	65 836
Balance end of period	17 339	248 496	65 836
Contract liabilities			
Opening balance 1 January	49 641	65 691	65 691
Revenue from amounts included in contract liabilities at the beginning of the period	-49 641	-65 691	-65 691
Billing and advances received not recognised as revenue in the period	10 411	1 760	49 641
Balance end of period	10 411	1 760	49 641

Note 3 – Intangible assets

NOK '000	Technology	Patent and licenses	Goodwill	Total
Purchase cost 1 Jan 2024	41 366	11 741	21 935	75 042
Foreign exchange differences	4 467	-	1 219	5 686
Purchase cost 30 Sep 2024	45 833	11 741	23 154	80 728
Accumulated depreciation 1 Jan 2024	12 414	4 696	-	17 110
Depreciation year to date 2024	3 102	1 761	-	4 863
Foreign exchange differences	1 671	-	-	1 671
Net book value 30 Sep 2024	28 646	5 284	23 154	57 084
Economic life	10 years	5 years		
Depreciation method	linear	linear		

The Group's Intangible assets comprise technology following the acquisition of HydrogenPro Aps in Denmark (formerly; 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 percent of the shares of HydrogenPro (Tianjin) CO Ltd.

No additions of intangible assets have been recognized as of September 30, 2024.

Note 4 – 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 amounted to NOK 15.9 million (year to date addition as of Q2 was NOK 9.5 million). The additions for the quarter are mainly related to the work in progress in HydrogenPro Aps in connection with the expansion of the manufacturing capacity.

Depreciation of tangible assets for the year to date was NOK 12,5 million.

Note 4 – Property, plant, equipment and right-of-use asset- *continued*

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	697	445	15 094	9 199	25 434
From Machinery and plant in progress	569	-	-569	-	-
Disposals	-4 882	-78	-	-13 239	-18 199
Foreign exchange differences	2 972	303	27	-823	2 479
Purchase cost 30 Sep 2024	75 070	6 294	15 095	26 510	122 970
Accumulated depreciation 1 Jan 2024	12 267	1 457		10 918	24 643
Depreciation year to date 2024	6 419	883	-	5 211	12 513
Disposals	-827	-	-	-7 720	-8 548
Foreign exchange differences	360	77	-	-146	291
Net book value 30 Sep 2024	56 850	3 877	15 095	18 248	94 070

During the second quarter, HydrogenPro signed contracts with sub-suppliers related to the expansion of manufacturing capacity in Denmark of DKK 16,8 million. As of 30 September 2024, a total of DKK 7 million has been capitalized as Plant and Machinery in progress linked to this project.

Note 5 – Financial investment

NOK '000	30 Sep 2024	31 Dec 2023[1]
Opening balance 1 January	30 517	29 572
Translation effect	1 006	945
Convertible receivables end of period	31 523	30 517

[1]*See Note 9 Restatement of comparable information*

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 30 September 2024, the company has considered that the cost is the best estimate of the fair value.

Note 6 – Inventory

NOK '000	30 Sep 2024	31 Dec 2023
Inventory		
Finished goods	11 640	-
Raw material	9 736	14 554
Work in progress	9 690	-
Carrying amount	31 066	14 554

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

Obsolescence assessed for inventories was NOK 0 million as of 30 September 2024 and as of 31 December 2023 there were write-downs of obsolete goods of NOK 11.3 million.

Note 7 – Provisions

NOK '000	Accrued Warranty	Other provisions	30 Sep 2024	31 Dec 2023[1]
Provisions				
Opening balance 1 January	16 962	25 948	42 910	
Additions	3 319	34 750	38 069	42 280
Used during the year	-	-	-	-
Changes in estimates	-	-	-	-
Foreign exchange differences	-	671	671	-
Warranties and provisions end of period	20 281	61 369	81 650	42 280
Current provisions	12 169	60 739	72 908	35 495
Non-current provisions	8 112	-	8 112	6 785
Other current liabilites	-	24 968	24 968	32 843
Balances end of period	20 281	85 707	105 988	75 123

[1]*See Note 9 Restatement of comparable information*

Estimated warranty obligations are recognized in the same period as the related revenue, or when a project is installed or commissioned. These warranties are based on contractual commitments and liabilities under applicable laws.

The Group's warranties provide assurance that the electrolyzers are free from defects and meet the required specifications. They are accounted for under IAS 37 as a provision and recorded as an operating expense.

The accrued warranty provision is typically based on historical experience and often constitutes a percentage of revenue from contracts with customers.

Due to limited historical data, the Group considers available industry information, documented product failure rates, and expected material and labor costs for the project to make its estimates.

Other provisions include provisions for settlements and claims.

Note 8 – Overview of Group companies

			Ownership interest			Voting power		
Company	Country	Main operations	30 Sep 2024	30 Sep 2023	31 Dec 2023	30 Sep 2024	30 Sep 2023	31 Dec 2023
HydrogenPro ApS	Denmark	Technology industries	100 %	100 %	100 %	100 %	100 %	100 %
HydrogenPro Tianjin CO Ltd	China	Technology industries	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 %
HydrogenPro France*	France	Technology industries	100 %	100 %	100 %	100 %	100 %	100 %
HydrogenPro Inc	United States of America	Technology industries	100 %	100 %	100 %	100 %	100 %	100 %
HydrogenPro GmbH	Germany	Technology industries	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 9 – Restatement of comparable information

Q3 2023	Restatement	Q3 2023[1]	NOK million	YTD 2023	Restatement	YTD 2023[1]
-36	0	-36	EBIT	-69	0	-69
1	-1	0	Net financial income and expenses	31	-25	6
-35	-1	-36	Profit/(loss) before income tax	-38	-25	-62

NOK million	30 Sep 2023	Restatement	30 Sep 2023[1]
Financial investments	79	-47	32
Total non-current assets	224	-47	177
Total assets	708	-47	661
Other equity	-212	-67	-279
Total equity	527	-67	460
Other current liabilities	68	20	88
Total current liabilities	166	20	186
Total equity and liabilities	708	-47	661

[1]For detailed information on the restatement of 2023 figures, please refer to the Integrated Report 2023.

Note 10 – Change of Presentation of Income Statement

Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	NOK million	YTD 2023	FY 2023
72	4	71	198	107	71	Cost of Goods Sold (COGS)	376	447
-14	*-10*	*-32*	*-30*	*-30*	*-24*	*Personnel and Opex included in COGS*	*-85*	*-116*
58	-5	39	168	77	47	Direct materials	292	331
28	28	19	29	22	16	Personnel expenses	67	85
4	*2*	*8*	*10*	*10*	*7*	*Personnel related to COGS*	*27*	*35*
32	30	26	39	32	23	Personnel expenses	93	120
15	28	21	24	13	14	Other operating expenses	50	72
10	*8*	*24*	*20*	*21*	*17*	*Opex related to COGS*	*58*	*82*
25	35	45	44	34	31	Other operating expenses	109	154

In the current quarter, the presentation of the Income Statement has been modified. Previously, Gross Profit was presented as Total Revenue less Cost of Goods Sold (COGS), which included personnel and other operating expenses. Starting from the third quarter 2024, Gross Profit is now calculated as Total Revenue less Direct Material Costs only. Personnel expenses and other operating costs directly related to project deliveries are no longer included in the Gross Profit calculation and are instead reported separately below Gross Profit. This change provides a clearer view of the direct material margin.

Prior period figures have been reclassified to ensure consistency and comparability.

This reclassification does not impact operating profit, net income, or other key financial results.

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of interim consolidated financial statements at 30 September 2024 and for the nine-month period 1 January to 30 September 2024 have been prepared in accordance with IAS 34 “Interim Financial Reporting” and give a true and fair view of the Group’s assets, liabilities, financial position and the result for the period viewed in their entirety, and that the third quarter report in accordance with the Norwegian Securities Trading Act section 5-6 fourth paragraph includes a fair review of any significant events that arose during the nine-month period and their effect on the third quarter financial report, any significant related parties transactions, and a description of the principal risks and uncertainties.

Porsgrunn/Oslo, 11 November 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*				

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 prospects 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 direct material cost. 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.
- **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 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 prices, 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 recognized. The backlog includes both contracts and change orders. For service contracts and contracts with uncertain transaction prices, the backlog is based on estimated revenue. The measure does not include potential change orders.

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