Second quarter and Half year report 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

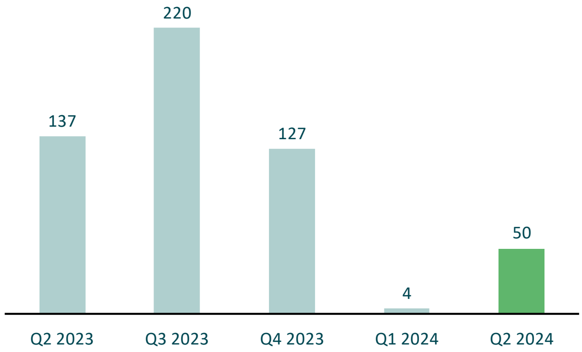
Highlights

Q2 2024 Highlights

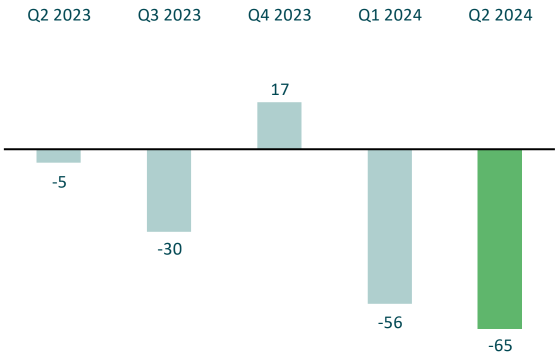
- **Revenues for the quarter of NOK 50 million** (vs. NOK 4 million in Q1 2024, NOK 137 million in Q2 2023)
- **EBITDA of NOK -65 million** (vs. NOK -56 million in Q1 2024 and NOK -5 million in Q2 2023)
- **Cash balance of NOK 247 million** (vs. NOK 185 million end of Q1 2024 and NOK 183 million end of Q2 2023)
- **Investing in increased manufacturing capacity of next generation technology**

Financials

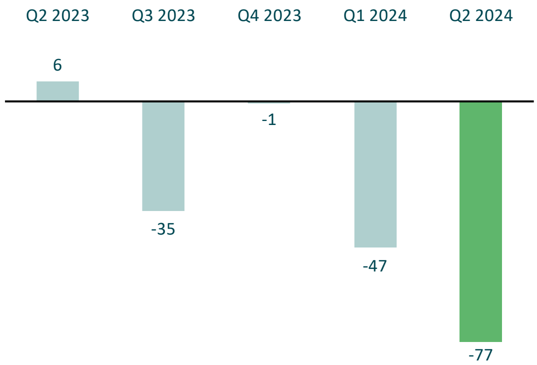
REVENUE
NOK million



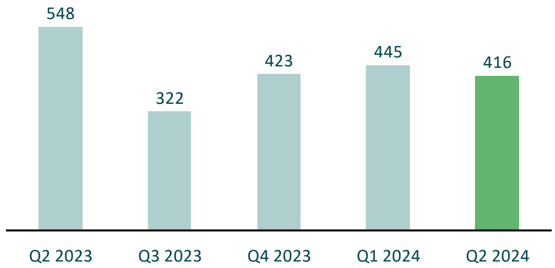
EBITDA
NOK million



NET PROFIT
NOK million



BACKLOG
NOK million



Q2 2024 Summary

Developments during the quarter

Market development

The global electrolyzer market in 2024 has so far **had** a "quiet" period. This is between the completion of ACES manufacturing and start-up of delivery to the Salzgitter project. Despite the activity level in the hydrogen market, the pace of new projects being sanctioned has not met with expectations. While large industrial players within energy, utilities and PtX are accelerating their role in shaping the large-scale green hydrogen sector, the final FID has still not materialized in full scale. Even though there have been new awards of IPCEI fundings during summer, it is not automatically a guarantee for a project FID. The expected release of project investment decisions is still at a relatively low level, the further development is pending both financing as well as regulatory framework.

Few contracts have been awarded in general in the market and FID decisions are generally being delayed due to cost increase, increased cost of capital and slow incentive scheme clarification, but at the same time the US and EU are pushing for more hydrogen to be available to accelerate the carbon footprint reduction. The relative economics in many green H2 projects (vs. fossil hydrogen) has also been negatively impacted by a lower price of natural gas and a perception that carbon taxation may be less aggressive and will be implemented over a longer time horizon.

During the last quarter, some leading players in hard-to-abate sectors have brought their projects somehow closer to FID by entering FEEDs as well as (pre)selecting suppliers for their long-planned projects.

With more mature and professional players combined with a challenging financial climate, we also experience higher expectations and requirements for their counterparts and suppliers, this driving OEMs to seek larger constellations and partnerships to gain execution power as well as bankability. To secure and succeed projects, suppliers must demonstrate delivering capabilities and technical performance as well as a sustainable financial position to a greater degree than previously, hence the decision process and project finalizations are impacted accordingly. There is also an increasing focus on system performances and durability, this is driven by the sensitivity of these in the calculations of LCOH, and by that the project economics.

HydrogenPro's sales pipeline remains relatively stable with few project cancellations in its focused market. HydrogenPro has during the last quarters further intensified its focus towards securing a competitive edge by being part of early-stage FEED studies both towards direct customers as well as through its partnership with Andritz through their EPC approach. This allows us to establish and strengthen the customer relationship and together develop sustainable solutions towards client's project and business case.

In North America the estimates for production of green hydrogen and low-carbon hydrogen remain high in the long term. However, uncertainty in the final rules for incentive programs has delayed project decisions and development of the market. The draft rules for the low-carbon hydrogen production tax credit included in the Inflation Reduction Act (Section 45V) are still in development and not yet published. At this point, given how close the election is, the rules will be subject to congressional review. This will add time to the process, as well as continued uncertainty and probably impact on decision processes for most projects.

In the meantime, some of the projects that we are supporting are progressing independently and we continue to receive new inquiries for potential projects.

For the European market, we see a consistently growing pipeline for our EPC approach greatly driven by our cooperation with Andritz, towards major European industrial players, especially within the Green Steel, Refinery and Power-to-X market.

Some selected (and politically backed) projects in Central and South Europe are proceeding after being assigned to be funded by the EU's different funding regimes. We see also that several more commercially based projects located in areas with a favorable electrical power allocation have traction.

The Indian market has for a long time been forecasted to grow massively; however, the momentum has so far not been picking up as expected just a few years ago.

Number of new projects is still at a high volume, and even though the number of new ones seems to decline a bit, the magnitude of new ones is at a bigger scale. It will still be important to prioritize projects based on their expected viability and likelihood for implementation when planning for capacity reservations and allocation of engineering resources for FEED and engineering studies.

Pending the announced project FID's we still see an overcapacity within global OEM suppliers. Hence being disciplined and agile in the ramp-up capability rather than being ahead of contracts will be essential. However, developers/EPC's conduct their assessment of suppliers based on readiness and capability together with important drivers as technical performances and durability of the offered equipment. Being able to demonstrate and guarantee energy efficiency is therefore eminent.

Strategic NOK 82.7 million investment from ANDRITZ AG

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

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

Annual and Extraordinary General Meetings

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

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

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

HydrogenPro to receive substantial grant from the Danish government

On May 30 2024, HydrogenPro 's Danish subsidiary was granted DKK 35 million for the "H2-GIGA factory" project from the Export and Investment Fund of Denmark (EIFO) in order to continue its plans to establish production capacity for next-generation electrode technology in Denmark.

The H2-GIGA factory will be designed to produce more than 77,000 electrodes annually matching the electrode requirement for installing 0.5 GW electrolyzer capacity. The planned investment includes one nickel foam production line and 6 electrode plating lines, employing innovative production methods. This initiative will lead to the creation of a cutting-edge, large-scale electrode production facility, marking a significant milestone for Denmark's green H2 technology sector and supporting the growth of the Danish PtX industry.

HydrogenPro investing in capacity to increase production of Gen3 electrodes

On 24 June 24, 2024, HydrogenPro announced investment in a new production line for its Gen3 electrodes. The production is expected to start in the first quarter of 2025 and the total investment is stipulated to NOK 70 million.

HydrogenPro has over a long period of time developed a unique Gen3 electrode technology that enables electrolyzers to produce with industry-leading efficiency and reducing the levelized cost of hydrogen. The new production line will reach a capacity of about 350 MW. There is ongoing work for even further capacity expansions.

Outlook

Although some projects have been delayed, the overall outlook for the green hydrogen market, which HydrogenPro operates in, is developing positively, as projects and players in the industry are becoming more mature. Especially Europe and North America shows increase in new hydrogen projects. HydrogenPro is well positioned to take advantage of these developments. As the projects are becoming larger and more complex, HydrogenPro's demonstrated ability to deliver on large-scale industrial projects makes the company a preferred partner for potential customers. Final investment decisions are still somewhat lagging, and an exponential development must be deployed the next few years to meet the expected demand for green hydrogen. The confirmed order from Andritz in November 2023 proves that the cooperation has started to bear fruits, and HydrogenPro sees significant opportunities with Andritz in Europe going forward.

For HydrogenPro, the key to success is to see more projects crossing the FID line, with HydrogenPro as the preferred partner. Securing firm purchase orders is HydrogenPro's main priority, to generate revenues and cash flow to spur further growth. The solid cooperation with Andritz in Europe strengthens our position further.

Lessons learnt from project deliveries in the US have demonstrated challenges with regards to logistics and transportation of assembled electrolyzers and gas separator skids. This, in addition to the life cycle partner strategy of HydrogenPro indicates need for assembly stations in close proximity to customer sites. Moreover, further visibility on US legislative frameworks and funding schemes is needed, including insight into decision on requirement for local US content.

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.

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

Financials

Income statement

Q2 2024	Q1 2024	Q2 2023[1]	NOK million	H1 2024	H1 2023[1]	FY 2023[1]
50	4	137	Revenue from contracts with customers	54	220	568
72	4	108	Cost of goods sold	77	178	447
-22	-0	30	Gross profit/(loss)	-23	42	121
28	28	22	Personnel expenses	56	38	85
15	28	13	Other operating expenses	43	27	72
-65	-56	-5	EBITDA	-122	-22	-36
6	7	6	Depreciation and amortization expenses	12	11	22
-71	-63	-11	EBIT	-134	-33	-58
-6	16	17	Net financial income and expenses	10	5	-5
-77	-47	6	Profit/(loss) before income tax	-124	-28	-63
0	0	0	Income tax expense	0	-	0
-77	-47	6	Profit/(loss)	-124	-28	-63

[1]See Note 10 Restatement of comparable information

HydrogenPro generated revenues of NOK 50 million during the second quarter 2024 and NOK 54 million first half of 2024, NOK 46 million higher than first quarter of 2024 and NOK 220 million higher than the first half of 2023, and NOK 87 million lower (-63%) than the same period in 2023. The main increase vs. last quarter in revenues is related to the delivery of components to the Salzgitter project. A further revenue breakdown is available in note 2.

Cost of goods sold include all project-related costs, e.g., raw materials, engineering, manhours, manufacturing costs and components delivered by sub-suppliers. Cost of goods sold during the quarter amounted to NOK 72 million and NOK 77 million first half of 2024 vs. NOK 4 million in the first quarter (NOK 108 million in the second quarter 2023 and NOK 178 million first half of 2023).

Personnel expenses of NOK 28 million and NOK 56 million first half of 2024. Second quarter 2024 is at the same level as in first quarter 2024 (NOK 22 million in second quarter 2023 and NOK 38 million first half of 2023).

Other operating expenses amounted to NOK 15 million in the second quarter 2024 and NOK 43 million first half of2024 compared to NOK 28 million in first quarter 2024 (NOK 13 million in second quarter 2023 and NOK 27 million first half of 2023). The decrease with NOK 13 million in second quarter is mainly due to write-down in Q1 2024 related to the replaced auxiliary components on ACES project with NOK 8 million. Also, HydrogenPro Tianjin has a higher manufacturing activity in Q2 than in Q1, where a higher share of overhead costs is allocated to COGS (NOK 5 million), hence reducing other operating expenses accordingly.

Reported EBITDA was NOK -65 million in the second quarter 2024 and NOK-122 million first half of 2024 compared to NOK -56 million in first quarter 2024 (NOK -5 million in second quarter 202 and NOK -22 million first half of 2023.

Depreciation & amortization expenses were NOK 6 million in second quarter 2024 and NOK 12 million first half of 2023 vs. NOK 7 million in first quarter 2024 (NOK 6 million in second quarter 2023 and NOK 11 million first half of 2023).

EBIT in second quarter 2024 amounted to NOK -71 million and NOK -134 million first half of 2024 vs. NOK -63 million in first quarter 2024 (NOK -11 million in second quarter 2023 and NOK -33 million first half of 2023).

Net profit/(loss) (after tax) for the second quarter 2024 ended at NOK -77 million and NOK -124 million first half of 2024 vs. a loss of NOK -47 million in first quarter 2024 (NOK 6 million in second quarter 2023 and NOK -28 million first half of 2023).

Additional work and upgrade of equipment delivered by sub-suppliers on the ACES project has a negative result impact of NOK 36 million in the second quarter. When adjusting for this, the gross profit increases to NOK 14 million (equal to 25% gross margin) and EBITDA improves to NOK -29 million in the second quarter.

The order backlog amounted to NOK 416 million as of 30 June 2024 vs. NOK 445 million as of 31 March 2024 (NOK 548 million as of 30 June 2023),

Net financial items

Q2 2024	Q1 2024	Q2 2023[1]	NOK million	H1 2024	H1 2023[1]	2023[1]
2	0	1	Interest gain/expense	2	2	4
-7	16	-5	Net foreign exchange gain/expense	9	4	-8
-1	-0	21	Other finance income/expense	-1	-	-1
-6	16	17	Net financial items	10	5	-5

[1]See Note 10 Restatement of comparable information

Net financial items in second quarter 2024 amounted to NOK -6 million and (NOK 17 million in second quarter 2023). NOK 16 million in first quarter 2023. NOK 10 million first half of 2024 vs. NOK 5 million first half of 2023.

Balance sheet

NOK million	30 Jun 2024	30 June 2023[1]	31 Dec 2023[1]
Assets			
Intangible assets	57	61	58
Property, plant and equipment	62	66	68
Right of use assets and financial investments	57	59	56
Total non-current assets	176	186	182
Current operating assets	219	267	301
Cash and cash equivalents	247	183	161
Total current assets	466	449	462
Total Assets	643	635	644
Equity and liabilities			
Total equity	420	489	453
Total non-current liabilities	23	16	19
Total current liabilities	199	130	172
Total liabilities	222	146	191
Total equity and liabilities	643	635	644

[1]See Note 10 Restatement of comparable information

Total assets as of 30 June 2024 amounted to NOK 643 million vs. NOK 635 30 June 2023. Total non-current assets amounted to NOK 176 million vs. NOK 186 million 30 June 2023, whereof NOK 57 million in intangible assets vs. NOK 61 million 30 June 2023, NOK 62 million in plant, machinery, and equipment vs. NOK 66 million 30 June 2023 and NOK 57 million in financial assets vs. NOK 59 million 30 June 2023.

Total current assets amounted to NOK 466 million vs. NOK 449 million 30 June 2023, whereof NOK 247 million in cash and deposits vs. NOK 183 million 30 June 2023 and NOK 219 million in current assets vs. NOK 267 million first half year 2023. Non-current assets are on the same level as first quarter and year-end 2023. Current operating assets increased in this quarter with NOK 11 million compared to last quarter. Cash and cash equivalents increased with NOK 62 million. Total equity amounted to NOK 420 million vs. NOK 489 million 30 June 2023. The book equity ratio as of 30 June 2024 was 65.4% compared to 30 June 2023 with 77,1% and 70.4% on 31 December 2023.

Total liabilities amounted to NOK 222 million as of 30 June 2024 vs. NOK 146 million 30 June 2023, whereof 199 million in current liabilities vs. NOK 130 million 30 June 2023 which increased with NOK 61 million compared to last quarter. And NOK 23 million in non-current liabilities vs. NOK 16 million 30 June 2023. The current liabilities consist of trade payables and other short-term liabilities, including current provisions for warranty accruals because of project activity (see note 8).

Cash flow

Q2 2024	Q1 2024	Q2 2023[1]	NOK million	YTD 2024	H1 2023[1]	YTD 2023[1]
185	161	208	Cash balance start of period	161	257	257
-16	25	-133	Net cash flow from operating activities	11	-176	-188
0	0	-5	Net cash flow from investing activities	-1	-11	-20
79	-1	114	Net cash flow from financing activities	77	112	111
62	24	-25	Total changes in cash	87	-74	-96
247	185	183	Cash balance end of period	247	183	162

[1]See Note 10 Restatement of comparable information

Net change in cash position during second quarter 2024 was NOK 62 million and NOK 87 million first half of 2024 compared to NOK 24 million in the first quarter 2024 where the cash increased in the quarter with NOK 38 million (NOK -25 million in second quarter 2023 and NOK -74 million first half of2023).
Net cash flow from operating activities was NOK -16 million in the second quarter 2024 compared to NOK 25 million in first quarter 2024 and NOK 11 million first half of 2023 (NOK -133 million in second quarter 2023 and NOK -176 million first half of 2023).

At end of Q2 2024 the cash balance was NOK 247 million and NOK 183 million first half of 2023.

During the second quarter 2024 net cash flow from investing activities was NOK 0 million vs NOK 0 million in first quarter 2024 and NOK -1 million first half of 2024 (NOK -5 million in second quarter 2023 and NOK -11 million first half of 2023).

Net cash flow from financing activities in the quarter was NOK 79 million compared to NOK -1 million in first quarter 2023 and NOK 77 million first half of 2023 (NOK 114 million in second quarter 2023 and NOK 112 million first half of 2023).

Financial statements

Condensed interim financial statements

Consolidated statement of comprehensive income

Q2 2024	Q2 2023[1]	NOK '000	Notes	YTD 2024	H1 2023[1]	2023[1]
		Operating income and operating expenses				
49 904	137 039	Revenue from contracts with customers	2	54 000	220 464	568 233
49 904	137 039	Total revenue		54 000	220 464	568 233
72 350	107 466	Cost of goods sold		76 758	178 392	447 442
28 311	21 776	Personnel expenses		56 403	37 611	85 205
5 554	5 584	Depreciation and amortization expense	3,4	12 212	10 566	22 281
14 715	13 052	Other operating expenses		42 590	26 845	71 596
-71 024	-10 839	Operating profit / (loss)		-133 962	-32 950	-58 292
-15 831	-994	Financial income		5 101	11 932	33 502
9 829	5 830	Financial expenses		5 019	7 018	38 147
-6 001	-6 824	Net financial income and expenses		10 120	4 914	-4 645
-77 026	-17 663	Profit / (loss) before income tax		-123 843	-28 035	-62 936
		Income tax expense		-	-	-
-77 026	-17 663	Profit / (loss) for the period		-123 843	-28 035	-62 936
		Other comprehensive income:				
		Items that may be reclassified to profit or loss:				
-2 096	5 024	Exchange difference on translation of foreign operations		3 987	2 085	-730
-2 096	5 024	Net Other comprehensive income		3 987	2 085	-730
-79 121	-12 638	Total comprehensive profit / (loss) for the period		-119 856	-25 950	-63 666
		Total comprehensive profit / (loss) for the period attributable to:				
-78 833	-11 876	Equity holders of the parent company		-117 000	-24 956	-65 243
-289	-762	Non-controlling interest		-2 856	-994	1 576
		Earnings per share (in NOK)				
-1,14	-0,20	Basic and diluted earnings per ordinary share[1)]		-1,85	-0,42	-1.09

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

[1]See Note 10 Restatement of comparable information

Consolidated statement of changes in equity

NOK '000	Notes	Share capital	Share premium account	Other equity contrib.	Currency translat. Difference	Other equity	Equity attrib. to share-holders	Non-controlling interest	Total equity
Equity as at 01.01.2023		1 161	575 039	34 162	-588	-219 117	390 657	4 963	395 620
Total comprehensive income		-	-	-	-730	-64 513	- 65 243	1 576	- 63 666
Reclassification					693	-592	101	-101	-
Issue of shares		105	116 757	-	-	-	116 862	-	116 862
Cost of share-based payment		-	-	4 396	-	-	4 396	-	4 396
Equity as at 31.12.2023		1 266	691 796	38 558	-625	-284 221	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					3 986	- 120 985	- 117 000	- 2 856	- 119 856
Issue of shares		136	1 508				1 645		1 645
Private placement			82 570				82 570		82 570
Cost of share-based payment				2 837			2 837		2 837
Equity as at 30.06.2024		1 402	775 875	41 395	3 361	-405 206	416 825	3 583	420 408

Consolidated statement of financial position

NOK '000	Note	30 Jun 2024	30 Jun 2023[1]	31 Dec 2023[1]
Assets				
Intangible assets	3	57 373	61 173	57 932
Property, plant and equipment	4	61 575	65 609	68 157
Right of use assets	4	20 271	21 897	20 455
Financial investments	5	31 938	32 314	30 517
Other non-current receivables		5 161	4 699	4 804
Total non-current assets		176 318	185 693	181 865
Current assets				
Inventories	6	40 656	42 082	14 554
Trade receivables		131 286	15 808	179 184
Contract assets	2	14 922	122 777	65 836
Other receivables		32 183	86 028	41 665
Cash and bank deposits		247 168	182 680	160 531
Total current assets		466 214	449 376	461 770
Total assets		642 532	635 069	643 634
Equity				
Share capital		1 402	1 261	1 266
Share premium account		775 875	689 899	691 796
Other equity contributed		41 393	39 006	38 558
Other equity		-405 205	-246 749	-284 221
Currency translation difference		3 362	1 497	-625
Equity attributable to HydrogenPro's shareholders		416 827	484 913	446 774
Non-controlling interest		3 581	4 559	6 438
Total equity		420 408	489 472	453 212
Non-current lease liabilities		15 506	15 526	11 428
Non-current liabilities		7 349		6 785
Total non-current liabilities		22 855	15 526	18 213
Current liabilities				
Current lease liabilities		5 360	6 086	8 933
Trade creditors		20 471	67 259	39 170
Contract liabilities	2	74 415	5 743	49 641
Public duties payable		3 866	5 921	6 128
Other current liabilities		95 157	45 062	68 338
Total current liabilities		199 269	130 070	172 209
Total liabilities		222 124	145 596	190 422
Total equity and liabilities		642 532	635 069	643 634

The Board of Directors and Chief Executive Officer Hydrogen Pro ASA Oslo, 19 August 2024

Porsgrunn/Oslo, 19 August 2024

(All signatures electronically signed)

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

Bjørn Hansen	Jarle Dragvik
Board member	*CEO*

Consolidated statement of cash flows

Q2 2024	Q1 2024	NOK '000	Notes	H1 2024[1]	H1 2023[1]	FY 2023[1]
		Cash flows from operating activities				
-77 026	-46 817	Profit / (loss) before income tax		-123 843	- 2 480	-62 936
5 554	6 659	Depreciation and amortization expense		12 212	10 566	22 281
-0	0	Option cost no cash effect		-0	4 844	3 312
		Fair value adjustment for financial instruments			- 21 479	
2 322	96 490	Change in trade receivable and contract assets		98 812	- 100 173	-206 607
-17 832	-8 270	Change in inventory		-26 101	- 6 320	21 207
30 177	-24 101	Change in trade payable and contract liabilities		6 076	- 13 267	2 542
6 068	3 443	Effect of foreign currency translation		9 511	- 7 730	813
34 465	-426	Change in other accruals		34 040	- 39 867	31 788
-16 271	26 977	Net cash flows from operating activities		10 706	-175 907	-187 599
		Cash flows from investing activities				
-467	-276	Purchases of tangible assets	5	-743	-10 929	-19 886
-467	-276	Net cash flows from investing activities		-743	-10 929	-19 886
		Cash flows from financing activities				
-3 732	-2 297	Payment of lease liabilities		-6 029	-2 466	-5 869
82 702	-	Proceeds from Equity Issue		82 702	114 960	121 903
-	-	Transaction cost on issue of shares		-		-5 040
78 970	-2 297	Net cash flows from financing activities		76 673	112 494	110 994
184 936	160 531	Cash balance start of period		160 531	257 022	257 022
62 232	24 404	Net change in cash		86 637	-74 342	-96 492
247 168	184 936	Cash balance end of period		247 168	182 680	160 531

Notes to the financial statements

Note 1 – Organization and basis for preparation

Corporate information

HydrogenPro ASA ("the Company") is a public limited company, incorporated in Norway, headquartered in Herøya, Norway and listed on Oslo Stock Exchange. Address headquarters: Hydrovegen 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 first half year 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

Q2 2024	Q2 2023[1]	NOK '000	YTD 2024	2023[1]
		Geographical region		
	28	Norway		3280
51 882	633	Europe	64 391	7295
-2 685	126 045	America	-12 248	538 499
707	10333	Asia Pacific	1 857	19 159
49 904	137 039	Total revenue	54 000	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 include the amount (some or all) in the transaction price if it is highly probable that there won't be a significant change in the revenue recognized once the uncertainty is resolved (referred to as constraint).

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

Q2 2024	Q2 2023[1]	NOK '000	YTD 2024	2023[1]
-3 514	135 256	Revenue recognized over time	-12 589	565 081
53 418	1 783	Revenue recognized at point - in - time	66 589	3 152
49 904	137 039	Total revenue	54 000	568 233

Q2 2024	Q2 2023[1]	NOK '000	YTD 2024	2023[1]
47 888	136 378	Revenue from sale of electrolyser system	46 968	557 040
864	661	Revenue from sale of Feed and case-studies	4 573	11 193
1 152		Revenue from scrapping of material as nikkel, steel etc.	2 459	
49 904	137 039	Total revenue	54 000	568 233

NOK '000		30 Jun 2024	30 June 2023[1]	31 Dec 2023[1]
Contract assets				
Balances start of period (01 Jan)		65 836	19 828	19 828
Transfers from contract assets recognised at the beginning of the period to receivables		-43 375	-19 828	-19 828
Increases due to measure of progress in the period		-7 539	122 777	65 836
Balances end of period		14 922	122 777	65 836
Contract liabilities				
Balances start of period (01 Jan)		49 641	65 691	65 691
Revenue from amounts included in contract liabilities at the beginning of the period		-49 535	-65 691	-65 691
Billing and advances received not recognised as revenue in the period		74 309	5 743	49 641
Balances end of period		74 415	5 743	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
Exchange differences	3 023		714	3 738
Purchase cost 30 Jun 2024	44 389	11 741	22 649	78 780
Accumulated depreciation 1 Jan 2024	12 414	4 696	-	17 110
Depreciation year to date 2024	2 237	1 174	-	3 411
Exchange differences	885			885
Net book value 30 Jun 2024	28 853	5 871	22 649	57 373
Economic life	10 years	5 years		
Depreciation method	linear	linear		

The Group's Intangible assets comprise technology following the acquisition of HydrogenPro Denmark (Advance Surface Plating ApS), patent and licenses relating to FEED-studies to be used in the further development of 100 MW production plants and goodwill following the acquisition of 75 percent of the shares of HydrogenPro Tianjin CO Ltd.

No additions of intangible assets have been recognized in the first half of 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 are NOK 10 million. Additions of NOK 9 million were recognized as right-of-use assets. Depreciation for year to date was NOK 9 million and Disposals NOK – 8 million and FX with NOK 1 million.

NOK '000	Plant and machinery	Movables	Machinery and plant in progress	Right-of-use assets	Total
Purchase cost 1 Jan 2024	75 714	5 625	543	31 373	113 256
Additions	546	358	-437	9 042	9 509
Disposals	-4 644			-13 067	-17 711
Exchange differences	1 437	148	13	575	2 173
Purchase cost 30 Jun 2024	73 053	6 131	119	27 923	107 227
Accumulated depreciation 1 Jan 2024	12 267	1 457		10 918	24 643
Depreciation year to date 2024	4 075	615		3 882	8 572
Disposals	-823			-7 669	-8 492
Exchange differences	108	27		522	657
Net book value 30 Jun 2024	57 425	4 032	119	20 271	81 846

HydrogenPro signed contracts with sub-suppliers related to the expansion of manufacturing capacity in Denmark during second quarter of DKK 16,8 million.

Note 5 – Financial investment

NOK '000	30 June 2024	31 Dec 2023[1]
Opening balance 1 January	30 517	29 572
Translation effect	1 421	945
Convertible receivables end of period	31 938	30 517

HydrogenPro has joined as a co-investor by financing DG Fuels LLC's ("DG Fuels") sustainable aviation fuel ("SAF") project. The convertible receivable is measured at fair value through profit or loss based on the level 3 in the fair value hierarchy.

Level 3 has been defined as follows:

- Value measurements of assets or liabilities that are not based on observed market values.

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

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

Note 6 – Inventory

NOK '000	30 June 2024	2023[1]
Inventory		
Finished goods	70	
Work in progress	17 782	-
Raw material	22 804	14 554
Carrying amount	40 656	14 554

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

Obsolescence considered for inventories was NOK 0 million as of 30 June 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 Jun 2024	31 Dec 2023[1]
Provisions					
Balances start of period (01 Jan)		16 962	25 948	42 910	42 280
Additions		1 409	31 064	32 473	
Exchange differences			947	947	-
Warranties and provisions end of period		**18 371**	**57 959**	**76 330**	**42 280**
Current provisions		11 023	57 959	68 982	-
Non-current provisions		7 348		7 348	-
Other current liabilites				26 176	32 843
Balances end of period		**18 371**	**57 959**	**102 506**	**75 123**

Estimated warranty obligations are recorded in the period in which the related revenue is recognized or when a project is installed or commissioned. Warranty is based on both contractual commitments and caused by liability under background law.

The Groups warranties provide assurance that the electrolysers are not defective and complies with required specifications and is accounted for under IAS 37 as a provision and another operating expense. Accrued warranty provision is normally based on experience and provision often comprises a percentage of revenue from contracts with customers.

As historical experience is limited, the Group considers, and estimates based on available industry data, any documented product failure rates and expected material and labor costs for the project.

Other provisions include provisions for settlements and claims.

Note 8 – Overview of Group companies

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

*The company is excluded from the consolidation as this is a company without significant assets or operating assets that provides services to the group that would have been consolidated.

Note 9 – Restatement of comparable information

Q2 2023	Restatement	Q2 2023[1]	NOK million	H1 2023	Restatement	H1 2023[1]
-11	0,0	-11	EBIT	-33	0	-33
39	- 24	15	Net financial income and expenses	31	-24	6
28	-24	4	Profit/(loss) before income tax	-3	-24	-27

	30 Jun 2023	Restatement	30 June 2023[1]
Financial investments	80	-48	32
Total non-current assets	234	-48	186
Total assets	683	-48	635
Other equity	-179	-68	-247
Total equity	557	-68	489
Other current liabilities	25	20	45
Total current liabilities	110	20	130
Total equity and liabilities	683	-48	635

Regarding restatement of 2023 see to the Integrated report 2023.

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of interim consolidated financial statements at 30 June 2024 and for the six-month period 1 January to 30 June 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 half-year 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 six-month period and their effect on the half-year financial report, any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months this year.

Porsgrunn/Oslo, 19 August 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 cost of goods sold. Gross profit margin represents gross profit as a percentage of revenue from contracts with customers.
- **EBITDA** is defined as earnings before interest, tax, depreciation, amortization and impairment, corresponding to operating profit/(loss) plus depreciation, amortization and impairment.
- **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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