

Company announcement 18/2021

Green Hydrogen Systems launches its next phase of production facilities expansion to 400 MW and acquires factory land and buildings. CAPEX guidance for 2021 increased.

Kolding, Denmark, 22 July 2021 – The Board of Directors of Green Hydrogen Systems, a leading provider of efficient electrolyzers used in the on-site production of hydrogen based on renewable energy, has in line with the company's strategy approved its planned second expansion phase of its current combined manufacturing, R&D, and office facilities in Kolding, Denmark.

By 2023, when fully expanded, optimised and ramped up, the new facilities will increase the company's current yearly capacity from 75 MW to 400 MW worth of electrolyzers. In subsequent phases, the facilities can be further scaled to manufacture electrolyzers with 1,000 MW capacity a year as demand for Green Hydrogen Systems' electrolyzers continues to grow.

In addition to the expansion project the company has decided to acquire full ownership of both current facilities and land as well as the surrounding land for future expansion phases. As part hereof, Green Hydrogen Systems will also take ownership of the new facilities during the phase 2 construction. This ownership structure is a change from the current lease model, however, whereas it will provide a short-term increase of CAPEX, it will importantly also provide maximum control, flexibility and independence to continue the company's growth and to position Green Hydrogen Systems as a leading, global electrolyser manufacturer.

"This expansion is an important step in our plans to scale the company to deliver electrolysis solutions that lower the levelised cost of hydrogen and drive energy transition. The new facilities will position Green Hydrogen Systems as a gigawatt provider of electrolysis equipment. Looking forward our focus remains to execute on our plan for growth and value creation from continued investments in R&D, manufacturing capacity and talented employees. Besides increasing production capacity, the expansion will secure sufficient space to grow our organisation from 100 employees at present to around 300 by 2025," says Sebastian Koks Andreassen, CEO of Green Hydrogen Systems.

Over a three-year period, Green Hydrogen Systems will invest DKK 250 – 300 million in acquiring the existing facilities and land and in construction of the phase 2 expansion whereof around DKK 105 million will have effect in 2021. The 2021 expenditure is mainly related to acquisition of current facilities and land as well as the surrounding land for future expansion phases. Following the acquisition of current facilities, the company's 15-year lease agreement will be terminated.

The improved control, flexibility and independence from bringing real estate assets on the balance sheet will impact the company's financial guidance for 2021 where material CAPEX is increased from DKK 30 – 35 million to DKK 135 – 145 million.

Green Hydrogen Systems will continuously seek to optimise its capital structure and ownership of facilities and land. By acquiring land and buildings the company chooses a different ownership model than originally anticipated, however, on balance, full ownership has been chosen to gain control over the upcoming expansion phases. Towards the phase 2 completion, the company will assess options for sale and lease

back of current and new land and facilities, expectedly allowing for cash neutrality towards 2025 and consequently the medium-term financial targets and financing towards 2025 are unchanged.

Certain elements of the agreement for future expansion phases are subject to ordinary authority approvals which are expected later in Q3 2021.

In its recent initial public offering on Nasdaq Copenhagen, Green Hydrogen Systems raised DKK 1,265 million in gross proceeds. The net proceeds from the offering are specifically earmarked the planned expansion of the company's production facilities, the launch of the X-Series electrolyzers, and the expected capital needs to secure continued growth of Green Hydrogen Systems for the period until the end of 2025.

"The new facilities will allow us to deliver on our roadmap to increase our production capacity as well as to expand for the development and launch of our new product range called the X-Series dedicated to target multi-MW to GW scale projects in the growing market," says Troels Hornsved, COO of Green Hydrogen Systems.

For more info please contact:

Investors: Jens Holm Binger, Head of IR, +45 6065 6525, jhb@greenhydrogen.dk

Media: Aleksandra Lozinska, Head of Marketing and Media Relations, +45 4414 0344, alo@greenhydrogen.dk

Green Hydrogen Systems in brief

Green Hydrogen Systems is a clean technology company and a leading provider of standardised and modular electrolyzers for the production of green hydrogen solely based on renewable energy. With its wide range of possible applications, green hydrogen plays a key role in the ongoing fundamental shift in our energy systems towards a net-zero emission society in 2050. As a result, the demand for green hydrogen is surging, requiring a significant scale-up of electrolysis capacity. Founded in 2007 and building on more than 10 years of technology development, Green Hydrogen Systems today have a commercially proven and cost-competitive electrolysis technology endorsed by leading green energy companies.